

NATION'S BUSINESS



JANUARY • 1935

What You Need to Know About Unemployment Reserves

An Expert Answers Readers' Questions

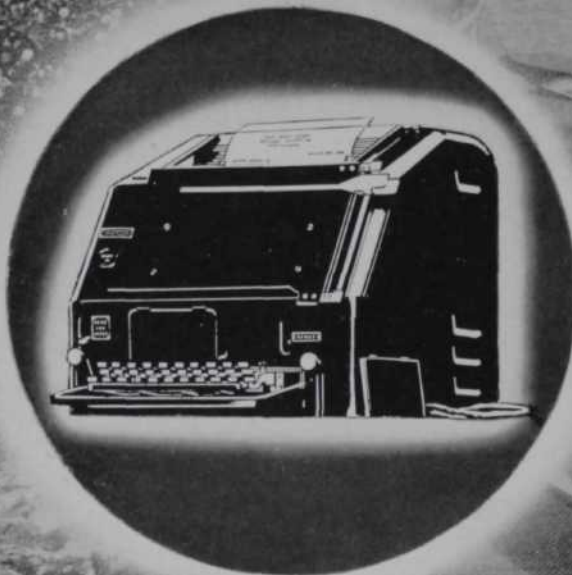
What Will Congress Do?

W. M. KIPLINGER Starts a New Series



PUBLISHED BY THE CHAMBER OF COMMERCE
OF THE UNITED STATES • WASHINGTON

TELETYPEWRITERS HELP SPEED



FRESH FOODS TO THE TABLE

As you read this, carloads of perishable food are rushing from different sections toward your city. Many were unsold when they left the community where they were grown . . . many had no definite final destination.

But as the cars speed along, Bell System teletypewriter messages flash back and forth between the growing centers and the great markets of the nation. Many of the shipments are sold by teletypewriter while still in transit, and are diverted to buyers in various cities. Others are routed to those auction centers where demand is strongest.

The Florida Citrus Exchange, typical of the great food-producing organizations using teletypewriters,

cites these advantages of the Service: "The two-way feature of Teletypewriter Ser-

vice permits matters requiring quick handling to be disposed of in minutes. Direct connections provided by this Service save considerable time in reaching auction rooms and the Exchange's own offices in distant cities. Complete information regarding contents of cars can be teletyped to an auction market prior to the cars' arrival. Buyers have all the facts at hand before the sale. As a result, the Exchange is able to transact business at a substantial saving over former communications cost."

Your local Bell Telephone Office will gladly explain this Service to you.

BELL SYSTEM TELETYPEWRITER SERVICE



"I WAS SURPRISED TO FIND *I could plan to retire at 60 on* \$200 A MONTH INCOME"

"I'M QUITTING WORK when I'm 60," said a certain man talking about his plans for the future.

"And I'll get paid \$200 every month for the rest of my life. Surprisingly enough, it's nearly *double* the income I thought I would have."

"What do you mean—*double* the income?" asked his friend.

"I'll explain," said the other. "I found that by ordinary savings plans or investments I couldn't expect more than \$100 a month interest, and I'd have to keep on working for a living at 60. Instead, by buying myself an annuity, I get nearly twice as much money each month *for life*."

"I don't have to hoard and save my principal to make it last indefinitely. I'm spending it as I go along. And even if I live to be 100 I'll *still* have money—twice as much of it in my pocket every month. No danger of using it up. I won't ever be a drag on my children."

"How can you do it on your salary?"

"Easily. I'm buying a Retirement Income on the installment plan. I'm spreading my monthly payments over so many years that the installments are comparatively small. It's the easiest way that I know to save."

"What's more, if I should drop out of the picture before I'm 60, I have it fixed so my wife will get a regular



NO JOB-HUNTING FOR ME when I'm 60,
I'll get \$200 a month for life!

monthly income for the rest of her life."

"That sounds good," said the other. "How much would such a Retirement Income cost me?"

"That depends on how old you are, when you want to retire, and how much income you want."

"Why don't you write for the book I sent for? It's called 'The Phoenix Mutual Retirement Income Plan.' They'll send you a copy free. It tells how the plan works."

You don't have to be rich

Here's *your* chance to find out how little it costs to retire at 55, 60, or 65 with a monthly income of any amount from \$10 a month up to \$300 a month or more.

If you are willing to lay aside a portion of your salary every month, you can ease up on the job when you reach retirement age or you can quit work altogether. You will have money to travel, play golf, and do only the things you want to do.

Write the necessary information in the coupon below and send it now. You will be mailed the new 24-page book that tells all about this new plan which is guaranteed by the Phoenix Mutual, an 84-year-old company, with over half a *billion* dollars of insurance in force. No cost. No obligation. Send for your copy of this free book today. The coupon is for your convenience.



PHOENIX MUTUAL LIFE INSURANCE CO.
903 Elm St., Hartford, Conn.

Send me by mail, without obligation,
your new book describing THE PHOENIX
MUTUAL RETIREMENT INCOME PLAN.

Name

Date of Birth

Business Address

Home Address

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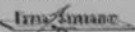
"IN THE NIGHT ALL CATS ARE GRAY"



So runs the ancient proverb—warning against dependence upon impressions formed in the dark. This emphasizes what you, in the light of growing interest in air conditioning, have already realized. You know that air conditioning is much more than the fanning of air about a room, more than mere heating or cooling or cleaning of air, more than merely drying or moistening air. You know that all of these factors at once—under automatic control—are necessary.



Air Conditioning
Household Refrigeration
Automatic Heating
Water Cooling
Truck Refrigeration
Beverage Cooling
Ice Cream Cabinets
Milk Cooling
Commercial Refrigeration
for every need of
merchants, manufacturers
and institutions



You must also realize that Kelvinator, with more than 20 years' experience in the controlling of temperatures, is admirably fitted to deal with the air conditioning problems peculiar to your business or your home. And in so thinking you have hit upon the

very kernel of Kelvinator's air conditioning practice.

Although Kelvinator to-day—as a result of five years' intensive research in air conditioning—presents the industry's most complete line of equipment, Kelvinator always talks method before equipment. That is because each air conditioning problem is different, individual, and needs individual attention.

Kelvinator air conditioning engineers, skilled in construction, heating, ventilating and cooling practice, offer you their services to secure the right solution for your particular problem. There is no other way to be sure that your air conditioning investment will give you satisfactory air conditioning. Call the nearest Kelvinator dealer, or write direct to KELVINATOR CORPORATION, 14250 Plymouth Road, Detroit, Michigan. Factories also in London, Ontario, and London, England.



KELVINATOR *Air Conditioning*



**EXECUTIVES
FILL OUT COUPON**

ACME CARD SYSTEM CO. NB 134
8 So. Michigan Ave.
Chicago, Illinois

Please send 48-page Booklet
on Methods for Multiplying
Accomplishments.

NAME _____

FIRM _____

ADDRESS _____

☐ I am interested in Modernizing _____ Records.

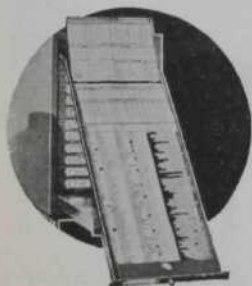
☐ Your general survey of all our records (no obligation).

Attach Coupon to Your
Business Letterhead

GREATER *Accomplishments* IN 1935

At the beginning of the new year every business man takes inventory of his opportunities. He looks over his product, his market, his factory and his organization to discover ways to improve his position.

As a result of such a survey, each year thousands have turned to Acme as a means of increasing the accomplishments of the business in every department. They have found that Acme Visible Records give them more accurate control over factory processes, over sales, over collections — over every business function. At the same time they reduce costs by increasing the effectiveness of every worker and the executives themselves.



To Acme Representatives — Everywhere

Your reports indicate and our total sales volume confirms that general business has improved, tremendously. Therefore, your sales contacts should be made, not on the basis that business is going to be better, but with the understanding that the change has already occurred. As business institutions take action, it will improve with still greater rapidity.

W. Johnston
President

ACME CARD SYSTEM COMPANY

If you have plans to improve your business in 1935, let us tell you how Acme will help you as it has helped other business institutions, from the largest listed on the stock exchange down to the individual operator employing only a few people.

A new 48-page full color Acme Booklet describes in detail methods by which the accomplishments of your business, your employees and yourself may be multiplied. Send the coupon, attached to your business letterhead.

ACME CARD SYSTEM COMPANY

World's Largest Exclusive Manufacturer of Visible Equipment

8 South Michigan Avenue

Chicago, U. S. A.

SILENT REVOLUTION SPREADS!



Outstanding maker of popular stationery products buys 50 L C Smiths. Mostly Silent model. *Will buy more.*

• • •

Its product is a household name throughout world. After stiff demonstrations, this company buys 104 typewriters, 96 of them L C Smiths—66 being Silent Smiths.

...THE *Silent* L C SMITH

Big engineering company buys 6 Silent Smiths. Tests same. Will now trade in entire equipment, changing to Silent L C Smith.

• • •

Large school, not previously a Smith user, files first order for 36 Silent Smiths. Quiet classrooms . . . better instruction!

• • •

Prominent law firm replaces other makes with 12 Silent Smiths. Now all L C Smith equipped!

The idea of a *standard* typewriter that is also a *silent* typewriter—the Silent Smith idea—is being “bought” in a big way. Good reasons for that:

No complex mechanism.
Starts silent. *Stays* silent.

L C SMITH & CORONA TYPEWRITERS INC
SYRACUSE N Y



SILENCE WITHOUT SACRIFICE!

Ball-bearing Type Bars
Half-spacing Escapement

Smith Floating Shift
Interchangeable Platens

Non-glare Key Rings

Decimal Tabulator
Choice of 34 Type Styles and Sizes

Contents for January . . .

Group Insurance sales for the first five months of 1934 were almost twice those of the same months in 1933.p. 7

The Recovery since 1932 or 1933 has at least duplicated the preliminary course of sustained recoveries from previous great depressions.

Alexander Dana Noyes p. 15

Congress is going to authorize a lot more spending.

W. M. Kiplinger.....p. 19

Terrifying Forecasts tell us that this or that essential raw material may be depleted. Such calamities are only possibilities.

Williams Haynes.....p. 22

The Cost of administering relief under our local welfare board was \$8,825 and number of employees, 108; a year later, under exclusive federal control, cost was \$17,029 and number of employees, 224.

Eric A. Johnston.....p. 25

Pretty Girls paraded before the NRA wearing models designed to illustrate copies and adaptations of gowns at a hearing on the question of protecting original designs in the dress manufacturers' code.

.....p. 26

Tax Reports in the near future, may reach 500 a year. The cost of accounting and clerical work in preparing the forms is alarming manufacturers.

Frank A. Poor.....p. 28

The Barometer of Business Activities has made six consecutive weekly advances since mid-October.

Frank Greene.....p. 30

Heat-Resisting Glass, soldered into the top of a new can, permits a view of the contents, requires no change in the usual canning process.

.....p. 32

The Auto Industry is going to make more cars in 1935 than it has made in any year since 1930.

.....p. 36

Unemployment Relief that provides direct cash assistance to idle persons is subject to abuses.

.....p. 41

A One-Word Sales Formula, used without window displays, advertising or other formal aids, sold 300 cans of cocoa in four hours.

Paul H. Hayward.....p. 45

Elmira Industries, Inc., has been organized to promote and assist the industrial development of the City of Elmira, by aiding, financially or otherwise, deserv- ing industries.

.....p. 48

Publicity, many business men are beginning to believe, is just another good horse that can be worked to death.

.....p. 54

The Building Industry, in Great Britain, is engaged in a large, privately financed, new house building program which is materially assisting recovery.

F. Stuart Fitzpatrick.....p. 56

Regular Features

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Volume 23



Number 1

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COMPTOMETER

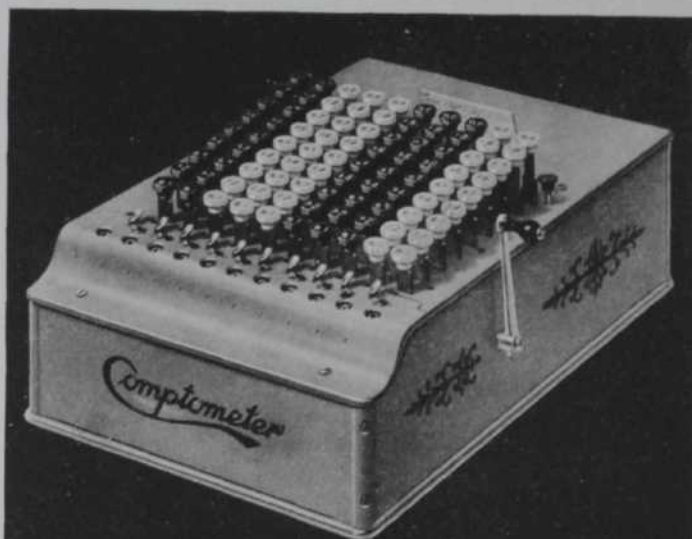
accuracy

LEADS IN EITHER TYPE YOU CHOOSE

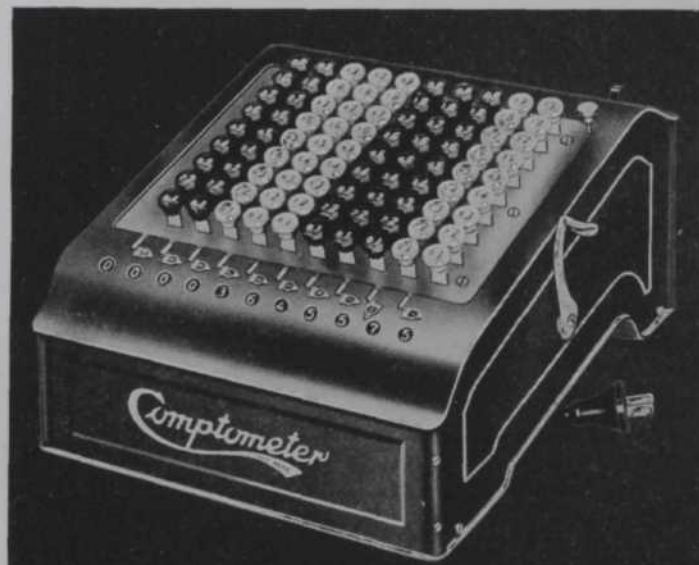
WITH the introduction of the New Model K Electric COMPTOMETER to share honors with the Standard Model J, *safeguarded accuracy* becomes available in both machines. Whether you prefer powered or key-driven operation, you can count on either machine for the distinguished performance that has won world-wide recognition for the name COMPTOMETER.

In the Electric Model K COMPTOMETER, automatic protection from faulty key strokes is now available *for the first time* in a powered machine. This safeguard is a most important feature, because the short key stroke typical of such a machine increases the chance of incomplete or accidental strokes. *Only with this control, in either the standard key-driven or the electrically key-responsive type, is maximum accuracy attainable.*

Both the Model J and the New Model K are built to the same high standards of construction, precise performance, and dependability. It is only a question of type. You can take your choice. A COMPTOMETER representative will gladly demonstrate one or both in your own office. Telephone the COMPTOMETER office in your locality, or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.



THE STANDARD MODEL J



THE NEW MODEL K ELECTRIC

COMPTOMETER

TRADE-MARK

This is NEWS, but the Publishers insist it is an Advertisement Doing the Continental

IF YOU SAW "The Gay Divorcee," you're probably conjuring up visions of Fred Astaire and Ginger Rogers in the airy, sophisticated dance that scored a country-wide smash hit. But to native Pittsburghers and thousands of visitors to the Steel City, "doing the Continental" has another meaning, equally pleasant... cocktails at the Hotel William Penn's gay Continental Bar, one of the country's finest.

Soft lights, muted music, a sea of colorful, leather-padded chairs grouped around ebony tables, eye-filling Malcolm Parcell murals,—that's the Continental. Dominating the scene, there's a beautiful example of the modern Allegheny Metal cocktail bars one sees everywhere these days,—impeccably correct in any decorative scheme, smartly efficient as only this time-tested stainless steel can be.

Champagne a l'Americaine

A FULL-BODIED Burgundy, say the epicures, is the king of wines; a delicate Bordeaux the queen; a gay, dancing Champagne the court jester,—the Pierrot. Champagne is a truly festal wine, and an expensive wine; made so by the years of painstaking care expended by the French in bringing it to ripe maturity.

Spurred on by the White House example since repeal, there is an increasing tendency to discover and develop fine American wines for table use to replace imported varieties. Here is a note of interest in that movement: a Wisconsin company, using a six thousand gallon tank equipped with agitator, carbonator and cooling apparatus, is able to produce excellent champagne,—flavorful and potent,—in a mere seventy-two hours!

The processing equipment was built by Cream City Boiler Company, Milwaukee,—and because champagne is the most susceptible of all fine wines,—the tank *et al* were fabricated from taintless, sanitary, corrosion-proof Allegheny Metal, the time-tested stainless steel.

.....

ALLEGHENY METAL—the time-tested stainless steel of universal application—is manufactured by the ALLEGHENY STEEL Company, Brackenridge, Pa.; who also manufacture electrical sheets, auto body sheets, metal furniture sheets, black sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Sons, Inc. Warehouses, by Dunham, Carrigan and Hayden Co., San Francisco, and by Union Hardware and Metal Co., Los Angeles. ALLEGHENY METAL is manufactured pursuant to license from the Chemical Foundation, Inc., under basic patents No. 1,316,817 and 1,339,378.

ADVERTISEMENT

Through the Editor's Specs

E pluribus unum in industry

PRESSURE for government participation in industrial insurance of one sort or another is a characteristic sign of these propaganda times. Well meaning as many of the proposals may be, they seem in general to take off from the flimsy premise of employer indifference to the fate of the worker. What industries themselves have accomplished in the field of group insurance argues initiative as well as social-mindedness.

By report of the National Industrial Conference Board, the families of nearly five million American workers are protected by \$8,912 millions of group life insurance against the death of their wage-earning member. The insurance is in effect through nearly 30,000 group life insurance contracts under which employers and employees cooperate to protect the families of the employees against suffering and want when the family wage earner dies.

In addition, says the report, more than 505,000 employees are protected to the extent of \$744 million against the liabilities of accidental death and dismemberment. Nearly one and a quarter million workers are protected against the hazards of sickness and accident to the extent of \$16 million in weekly benefits. Nearly 200,000 workers are assured an income after they retire through more than 200 group annuity policies which provide for monthly incomes after retirement aggregating more than \$8,000,000.

The five million workers under this coverage are insured for an average of \$1,828 each. Group accidental death and dismemberment insurance adds an average protection of \$1,473 per worker to 505,000 employees. The employees covered by group accident and health insurance, numbering 1,229,000, when sick or disabled, are eligible to an average of \$13 a week in benefits. The nearly 200,000 employees who are in group annuity plans will receive, after they reach retirement age, an average income of \$43.53 every month until they die.

That acceptance of group insur-

ance is increasing is shown by the fact that sales for the first five months of 1934 were almost twice the figure for the corresponding months of 1933. Sales of group annuities in 1933 were nearly 20 per cent of the amount of all those policies in force at the year's end, while sales of group health and accident insurance were nearly 12 per cent of the aggregate amount of all policies in that field.

Disputation, fore!

NEWS pictures in these troublous times are frequent reminders that differences over questions of industrial relations have been argued with fists and firearms, with sticks and stones, with gas and brickbats, as well as with high words. From this commonplace of resort to physical violence the affair at Ludlow, Mass., provided a variant with its own commentary on "class" warfare.

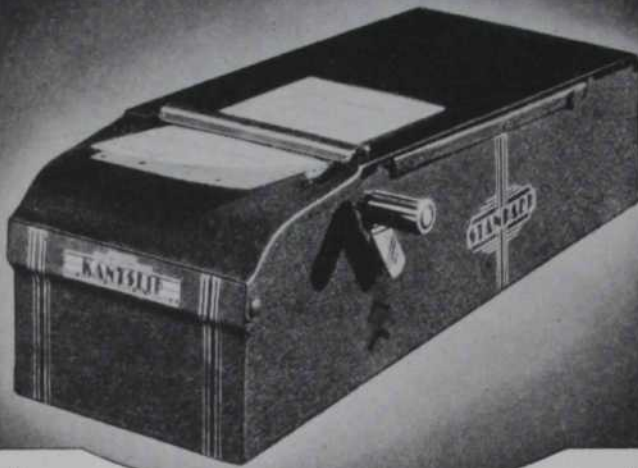
When striking mill workers found their assault on the windows blocked on one side by the Chicopee river they took their stance on one bank and laid siege with driving irons and golf balls. The significance of this event goes far beyond its obvious irony, possibly a No. 3 irony, as one expert observer suggests. This footnote on the so-called second industrial revolution goes deeper than a mere choice of means to harass the mill owners. It seizes upon the very instrumentality of capitalistic sport to assert its contempt for a water hazard with golf balls at \$9 a dozen new, and \$3.50 a dozen reconditioned.

Indeed, it is not too fantastic to suspect that the embattled employers may have gratefully gathered up the spent ammunition and turned it to account against the arch enemy of capitalist and proletarian alike. Whatever interpretation the possession of the impedimenta of golf puts upon the idea of "exploited" workers, both sides can make common cause against the tyrannous Colonel Bogey.

Obituary of a fair

CHICAGO'S second edition of the Century of Progress Exposition had enough economic justification, per-

Standard announces



★ *Form Flow* ★

A notable achievement in design and performance of Autographic Registers offering

- NEW BEAUTY
- NEW PROTECTION
- NEW ACCURACY
- NEW CONVENIENCE

"FORM FLOW" not only suggests the acme of modern design in a true expression of flowing lines and simplicity, but typifies the trouble-free uninterrupted flow of hand-written records always characteristic of Standard Registers. Their maximum efficiency is made possible only because of Standard's one moving part—the Standard Pinwheel. This time-tested and sound mechanical principle prevents form slippage, guarantees positive feed and accurate alignment from copy to copy.

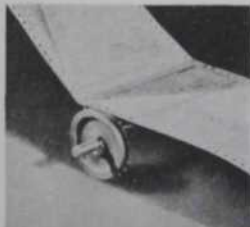
Businesses, large and small, depend upon the accuracy of original

entry records and the efficiency with which they are made. A new "standard" has been set with Standard's "FORM FLOW" models. Users of ordinary autographic registers, sales books, padded or cut forms, will profit by investigating "FORM FLOW" models.

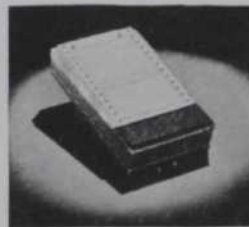
Manufactured in 260 styles and sizes including Cash Drawer models, manually or electrically operated, Standard can serve adequately businesses of all kinds—manufacturers, wholesalers and retailers—in every industry where carbon copy records must be made.

You will find the Standard Man anxious to serve you and qualified in Systems Analysis for the betterment of records.

Call the Standard Man—get the facts about "FORM FLOW."



The Pinwheel principle—the forms Can't Slip.



The portable Aristocrat—another new Standard product.

THE STANDARD REGISTER CO., DAYTON, OHIO

Send information about Standard System checked below.

- | | | |
|--|---|---|
| <input type="checkbox"/> Sales Record | <input type="checkbox"/> Production Records | <input type="checkbox"/> Shipping Orders |
| <input type="checkbox"/> Invoices | <input type="checkbox"/> Express Receipts | <input type="checkbox"/> Stock Requisitions |
| <input type="checkbox"/> Bills of Lading | <input type="checkbox"/> Receiving Records | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Delivery Receipts | <input type="checkbox"/> Telephone Orders | <input type="checkbox"/> _____ |

Write your name, firm name, address, in margin below

haps, on the ground that one good fair deserves another. The exposition was a live topic of conversation. It was not easy to be indifferent to it. Possibly the best advertising was contributed through the personal evangelism of pilgrims who had looked upon the glories of the great show and never tired of talking about its wonders to the folks back home. What the fair did to exposed minds and spirits no statistics reveal. For other items there are figures.

Paid admissions, 16½ millions in 1934; 22½ in 1933, a total for the two years of 39 millions. Per capita expenditures within the grounds, 1934, \$1.496; 1933, \$1.639; a two-year total of more than \$61,000,000. Six-year World's Fair pay roll, \$10,750,000. Employment, both direct and indirect, amounted to more than half a million—40,000 on the grounds alone. Visitors spent \$700,000,000 for transportation, merchandise and hotel accommodations. Six local governments reduced by nearly 32½ millions their unmet pay rolls. Hotels paid all or nearly all their back taxes.

The female of the species

THE farmer's in the dell, says the old refrain. The farmer's on the spot, say his political megaphones. But what of the farmer's wife? Where does she stand and for what? The answer is in part provided by Dr. James E. Rice, president of the Northeastern Poultry Producers Council. Mrs. Farmer, he finds, controls about 80 per cent of the domestic poultry industry, and it would be "unwise economically and dynamite politically" for the AAA to attempt production control.

Whatever the pliancy of the farmer, his wife, Dr. Rice believes, "could not be regulated by the Government." Saying in effect that the women rule the roost defines no paradox. Petticoat government is no stranger to rural life. As many candidates know to their cost, the rolling pin vote can be as flattening as any steam roller.

Thrift declares dividends

OBSERVING the spending of Government and business in the common effort to revive buying power it is possible to discern a difference which is as characteristic as it is distinguishing. A case in point is provided by the announced determination of the American Telephone & Telegraph Company to disburse in January \$42,000,000 in dividends to upward of 600,000 stockholders.

The significance of the decision goes beyond the timely recognition of the budgetary stringency of thousands of individual investors. It also comprehends the idea of corporate thrift. Not since 1931 has the parent

company earned its full dividend. Payments have been made out of surplus. The wisdom of setting up a backlog from earnings in good times has its current justification if it were ever seriously questioned in the lush 'twenties.

In theory, governments are expected to restrict expenditures in prosperity and create a reservoir of funds for tapping when industrial and commercial spending is at low ebb. Because the practice never squares with the theory, it need not invalidate the ideal. Whether or not the practice of the telephone and telegraph utility is typical of the public service business in whole—and there is much evidence that it is—it does suggest a management concerned with the economic stability of a typical cross-section of the American people as well as with its job of making talk easier and cheaper.

A whim of iron

ONCE the public gets "sot" in its ways, it is stubbornly tenacious of its course. The TVA lift-top refrigerator designed to sell at retail from \$77.50 to \$89.50 makes a case in point. In New York this model is selling far below expectation. A distributor tells why. Through long and intensive promotion the public has become accustomed to the door in front. Against this established preference the lift top does not make easy headway. As every advertiser learns, the inertia of the mass mind is at once the curse and the blessing of the merchandising community. True enough, the philosophy of advertising cannot be jammed into a few epigrams. From experience the truth emerges that unselling an idea is likely to be just as hard as the persuasion which led to its acceptance.

Gilead may import balm?

SHIPPING oats into Iowa would seem the summit of superfluity were it not its own realistic commentary on the fallibility of a planned economy. The possibilities attain an acute accent through news dispatches which carried the word that two cargoes of Argentine oats were on their way to the Gulf with Iowa cereal interests their ultimate destination.

Undoubtedly the drought complicated the workings of the Administration's agricultural policies. But, however the feed shortage may be explained, the failure of the corn crop was a decisive factor in upsetting estimates of supply. If the figure of 2,000,000,000 bushels be accepted as the consumption total for 1933, and the total production for 1934 put at 1,400,000,000 bushels, it is possible to argue that "it would require the entire exportable surplus of the Argen-

THERE'S NO SAVING IN A TOWEL



THAT CAN'T MAKE GOOD RIGHT HERE

RIGHT here—in the hands of the user, A.P.W. Onliwon Towels demonstrate honest-to-goodness economy. They are by no means the "cheapest" towels on the market. They are made specifically for drying people's hands and faces. This alone rules out the cheapest grades of paper and makes the most expensive unnecessary.

Onliwon Towels are soft and pleasant to use, yet have ample strength. They are the correct size and the double-fold provides an extra thickness of absorbent material. Every square inch of surface is easily used.

The combination of strength, size and absorbency in Onliwon Towels is important. It is responsible for a fact that is being demonstrated daily in thousands of office-building and factory washrooms. It actually costs less to supply Onliwon Towels—because fewer of them are required.

Onliwon Cabinets are neat in appearance, simple to install and keep filled. They dispense one towel at a time—doubled—ready for use without additional unfolding. The remainder are kept clean and pure because they are protected from dust and needless handling.

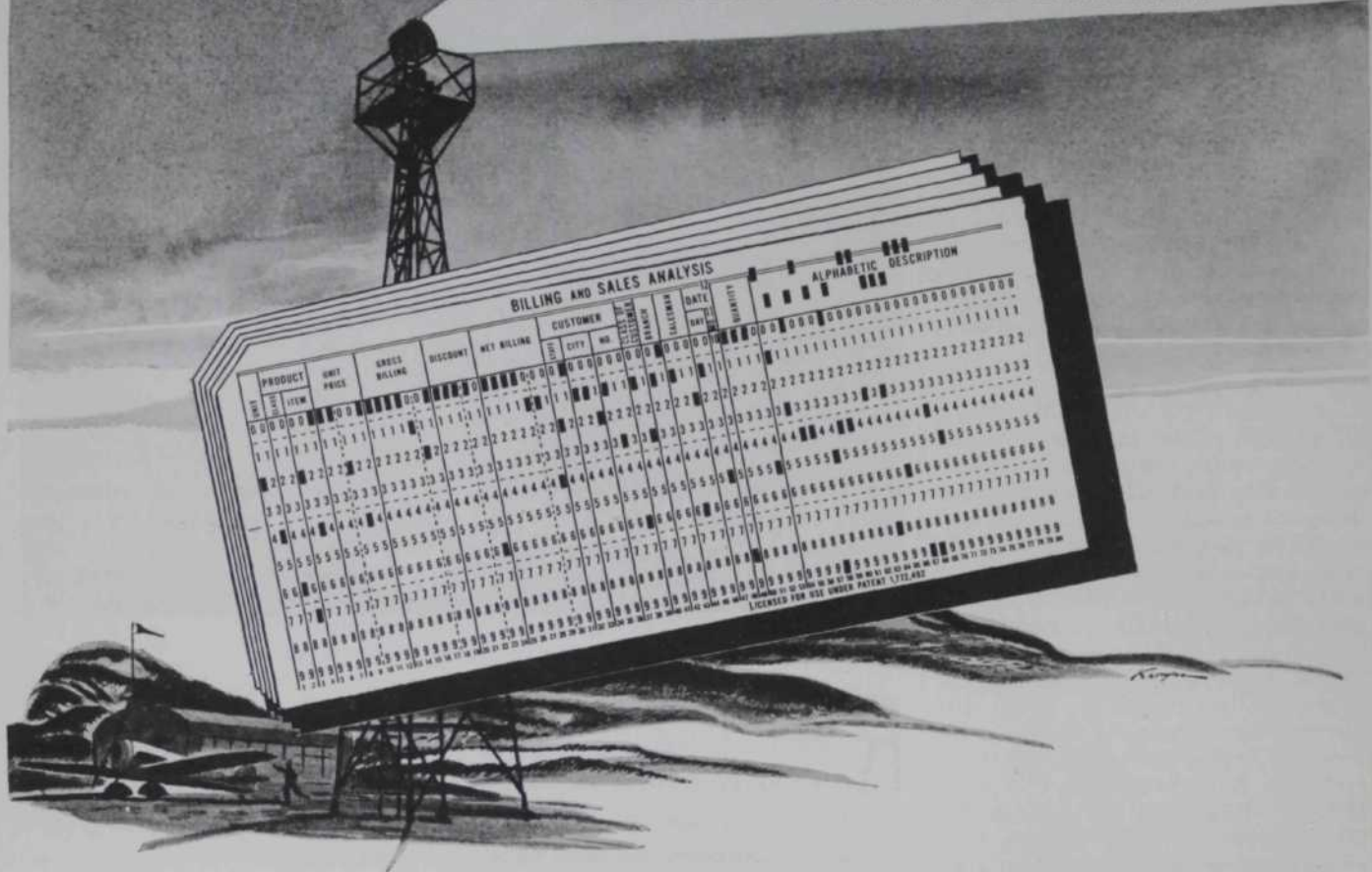
If you are not already a user of Onliwon Towels, it will pay you to learn more about them. They have consistently proved their ability from the standpoint of economy. If there is no A.P.W. representative listed in your phone book, write for samples to: A.P.W. Paper Co., Albany, N. Y.

A.P.W.

THERE'S REAL SAVING IN ONLIWON TOWELS AND TISSUES

AUTOMATICALLY

THESE PUNCHED CARDS FURNISH A DEPENDABLE GUIDE FOR BUSINESS MANAGEMENT



Automatically, the white and red flashes of the aeroplane beacon sweep the sky. A positive guide to watchful pilots, it functions accurately . . . dependably . . .

The pilots of business, likewise, are looking to automatic control methods for successful management. Facts and figures must be obtained with accuracy and greatest possible speed. For these reasons International Electric Accounting and Tabulating Machines are recognized the world over as essential in the conduct of modern business.

Through the medium of punched tabulating cards, these machines automatically provide complete, printed reports concerning any phase or branch of business—at any time. They furnish accurate, detailed accounting reports and statistical records. They supply facts covering past performance and present status, thereby offering management a reliable guide for future operations.

Business executives seeking more efficient methods of management and closer supervision of all accounting procedures should investigate the advantages which International Business Machines and methods now offer. Today these machines are saving money, minutes and material for business and government in seventy-nine different countries.

International Business Machines include International Accounting and Tabulating Machines, International Time Recorders and Electric Time Systems, International Industrial Scales, and Electromatic (All-Electric) Typewriters. Write for descriptive booklet today.

GENERAL OFFICES: 270 BROADWAY, NEW YORK, N. Y.
BRANCH OFFICES IN ALL PRINCIPAL CITIES OF THE WORLD

INTERNATIONAL
BUSINESS  **MACHINES**
CORPORATION

tine to make up the shortage of the states of Iowa and Nebraska alone!"

By report of the New York *Herald-Tribune*, "not only are we importing oats from the Argentine, but we are importing rye from Poland and barley and wheat from Canada. The Canadian wheat imports consist of feeding grades of wheat, which are subject to an *ad valorem* tariff of only ten per cent; no wheat of the type classed as fit for human consumption has yet leaped the 42 cent tariff barrier."

With the possibility that a good part of the domestic wheat crop may be needed for feeding, the prospect of drawing upon Argentine corn would be logically definable when the Southern Hemisphere's new crop is harvested next March. An age which has seen the traditional economy overturned by political experimentation will hardly see inconsistency in accepting the fantastic as the commonplace. Who would be genuinely astonished to hear that Brazil was importing coffee, that China was in the market for tea, that the East Indies were short of rubber—or that Newcastle was in fact bringing in that coal which has so long figuratively served as the symbol of a complicating addition to recognized abundance?

Bachelors of adversity

SUCCESS without benefit of formal education is a familiar certification of the teaching of experience. With the establishment of a "University of Hard Knocks" at Lansing, Mich., the influence of hard times is recognized with practicality and economy. Established in 1933 as the Peoples' University, the school is staffed with instructors who serve without pay. It serves thousands of students and its curriculum is as broad as their interest. Classes meet wherever space is obtainable free. Even were the school forced to face the lack of an adequate roof, instruction could still project the simple peripatetic manner of Aristotle, who taught as he walked. Agreed, of course, no traffic problem cramped his style. Sight of pedestrian scholars nowadays might startle what passes for educational progress into a complete stymie. The thought of giving the right of way to a quest for truth in a world hard driven by expediency is as refreshing as it is futile.

Trading in futures

AMERICA, as half an eye will report, is a land of labels, no less conspicuous in political than in commercial hawking. Not so long ago the doubters and the pessimists represented the polar antipathy to the symbols of prosperity. Under the abrasion of the current

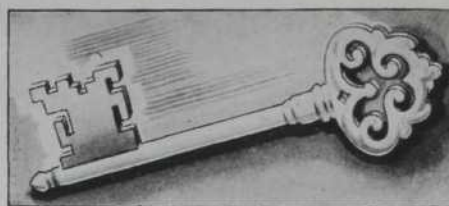
unpleasantness, a bloc of finalists and extremists has developed. "America is finished. Opportunity has shut up shop," they contend.

To a mind with the latchstring out to truth the qualification of these gratuitous obituary notices will be readily apparent. For illustration, Ward Harrison's arching estimate of power needs. Head of General Electric's lamp department at Cleveland, he believes a 50 per cent to 100 per cent increase in the generating capacity of the nation's power plants will be required to provide adequate light for industrial and highway illumination. Immediate consequences in view: More efficient production through reduction of errors; fewer accidents; conservation of vision.

As for the faith of the people in the future of their country, a mid-western index seems relevant to Mr. Harrison's lively figure. Twenty years ago the *Chicago Tribune* established an investors' guide as a regular feature. In the first nine months of 1934, 14,638 inquiries were received, exceeding by 180 the comparable volume for 1929, the peak year of the bull market in stocks. The trouble with viewing life through the glasses of a bitter-ender is in the difficulty of knowing whether the finality brought into focus is shaped by destiny or whether it is merely the calculated distortion accommodating a perverse vision.

Caveat vendor goes boom

UNCLE Sam may be a depression Santa Claus to millions of Americans, but to mountain folk in Kentucky, a press association reports, he is just a plain nuisance and liable to be shot on sight, whiskers or no whiskers. The trouble began about two years ago. Mountaineers asked mail order houses for catalogues. Catalogues went into the mountains by the ton. Back came orders, accompanied by checks on non-existent banks. Investigators were sent into the mountains. Like "revenooers," they were greeted with buckshot and rifle fire. Collections were few and casualties many. About \$200,000 is involved. Federal agents issued warrants for 219 persons whose homes were fitted out in the best mail order manner. By the middle of November 208 arrests had been made, 181 convictions had been obtained, and 27 persons were awaiting trial. On the face of the returns, the missionary service of the catalogues is something of a boomerang. It may be that the converts have confounded the evangels with their own texts. Not too fantastic is the thought that the catalogues may have provided the very wadding of the explosive defiance.



An old key to new BUSINESS PROFITS

NEVER in the history of business has shrewd buying been such an important factor in the realization of profits as it is today. Never, during the 700 years of their existence, have the Leipzig Trade Fairs meant more to buyers in every line, than now.

Today, buyers from every important nation in the world—150,000 of them, representing some 72 countries—assemble for one week in Leipzig every Spring and every Fall. There they compare and inspect the offerings of more than 8,000 exhibitors from 22 nations.

It is here at Leipzig—the crossroads of international trade—that many new lines and new products make their international debut . . . items that are destined to be outstanding successes. It is here that American buyers discover many happy solutions to their varied buying or manufacturing problems.

Shrewd buyers know from experience the importance of being able to preview next season's best sellers . . . in the short space of one week. That's why 95% of the American buyers covering these Fairs, repeat their visits year after year.

Whatever your line of business—you will find a visit to the Fairs highly profitable in every way. Why not plan now to visit the coming Spring Trade Fair?

In the *General Merchandise Fair* (March 3-9), you will find every possible item for the department store and the specialized store. In the *Great Engineering and Building Fair* (March 3-10), there are some 2,000 practical exhibits of machinery, building equipment, tools and manufacturing processes.

We invite you to communicate with us for complete information on any lines in which you are interested. Our New York Office—or an Honorary Representative in your vicinity—will gladly furnish any specific information you request. And explain certain important travel discounts and courtesies available to Leipzig Fair visitors. Please write us today for Booklet No. 20—it tells the story of the Fairs in greater detail. Leipzig Trade Fair, Inc., 10 East 40th Street, New York City.



LEIPZIG TRADE FAIRS



A NEW YEAR— and an old Opportunity

OF TWO things American business can be confident in 1935.

The first is that the new year will bring new problems to challenge the leadership and courage of men determined to go ahead.

The second is that, while the rules of business may change, the rules of progress do not.

The first rule of progress, old but sure, is this:

*Find out the public's wants
— have the patience and
perseverance to hunt for better ways of serving them
— have the courage to make a real investment in
the quality and value of your products — and you
can depend upon it, people will buy what you
have to sell.*

That is the rule we have followed here at

OUR CREED

"We are going to keep right on making the best tire on the market, we are going to keep right on making our franchise the most desirable any tire dealer can obtain, we are going to keep right on paying the highest wages in the industry, we are going to keep right on with our policy of fair and honest dealings with the public. This policy brought us leadership in the industry and this policy will keep us in that position no matter how hard blows the storm."

Goodyear, not only lately, but throughout the past four or five trying years.

And out of the greatest program of development and improvement the largest rubber company in the world has ever undertaken have come a record array of new products and new services—laboriously and accurately developed to meet new needs.

Most spectacular of these is the famed "G-3" All-Weather delivering 43% longer non-skid mileage—as well as the brilliantly successful Airwheel*, of which Goodyear is manufacturing more than all other makers of super-soft tires combined.

W. H. Mitchell
PRESIDENT

THE GOODYEAR TIRE & RUBBER COMPANY, INC.

*AIRWHEEL is Goodyear's trade-mark, registered in the U. S. A. and throughout the world, and is used to denote that Goodyear is the exclusive maker of AIRWHEEL Tires

THE GREATEST NAME  IN RUBBER
GOODYEAR



NATION'S BUSINESS

★
A MAGAZINE
FOR
BUSINESS MEN
★

To the New Year, 1935

TO WISH the American people a happy and prosperous New Year is more convenient than to felicitate each individual on his personal due. They have faced their many trials with patience and resolution. To their everlasting credit let it be said that the people of this land have the power to transmute adversity into progress in every sector of the national life. No observer has ever had to report "Nothing new on the American front."

Whatever the make-up of this sovereign force for advancement, it is invincible. The thing we call the American spirit, the incentive of opportunity, the favors of climate and environment are important contributors to the urge to improve, to enhance, to develop, to succeed. And ever the impulse is toward the ideal. No greater slur could be put upon its spiritual stature than to label America "the land of the almighty dollar."

Is there a country where zeal for a genuine betterment of life has touched a more responsive will to raise the standard of living in all that the phrase implies? The genuine concern of the people has not been solely with telephones and bath tubs, but with art, with music, with science, with the things that signify culture. Indeed, there is ample evidence to argue that the influence of the American people beyond the tremendous feat of establishing a civilization against formidable hostility at home and abroad, is their example of cooperation, their willingness to endure and to share for the common good, to use their abundance in the service of all mankind.

This good will is a fruit of faith; faith in their purpose and in their competency to deal with any situation which might arise. It is a radiant emanation of the enthusiasm and energy which

time and again have matched soaring imagination with accomplishment. No human society has provided a more rich commentary on the judgment that faith without works is barren. It is not necessary to go back 150 years; in the brief span of a generation the guide posts of the economic order have been pushed forward to salients which would seem thoroughly fabulous to the very men who made their dreams come true.

What has been done since the turn of the century is an epic of applied vitality. In the thirty years, 1900-1929, despite a world war and a great financial disturbance, the number of wage-earners increased faster than population. The physical volume of goods increased three times, with hours of labor reduced 15 per cent. In the necessities of life, the conveniences, even the luxuries, all have shared.

Details would only confirm the broad conclusion of progress and disclose a decisive design. Such growth is not just a happen-so, as the experience of any business man will testify. In their own careers they have witnessed a revising improvement in organization, in methods, in equipment. This mood to seek perfection in the economic order did not end in the world catastrophe of 1929. It perseveres. It is still a resource to be counted on throughout 1935. In this immortality of the American philosophy the annual stocktaking of mental and spiritual values offers a fresh occasion for the people to carry on their tradition of well-being.

If the wish will be father to the deed, the season's greetings will shine with a new luster in the year to come.

Merce Thorne



HIGH-POINT ACHIEVEMENT

For centuries Orientals have used paper stencils in their art work. But it remained for A. B. Dick Company to develop the stencil to its highest point of perfection, and apply it to modern commerce and education. Fifty years of research and engineering brought forth this latest achievement, *cellulose-ester* stencils, which we call Mimeotype. It is our proudest job. We have long been the world's stencil makers; but this quite surpasses our other achievements. It not only does superlatively fine work, but it does new things in new ways. See its picture printing, its fine letterpress. Clear, exact reproductions of all kinds of forms, bulletins, letters, graphs, line drawings, etc., at high speed and low cost. Let us give you latest information concerning this high-point achievement. Write A. B. Dick Company, Chicago, or see your classified telephone directory for local address.

M I M E O G R A P H





On the Way Out of Depression

By ALEXANDER DANA NOYES

Financial Editor, New York "Times"

THE past month has been characterized by published declarations from numerous responsible trade bodies that we are distinctly emerging from depression. These hopeful statements are, as a rule, conservatively worded. The particular occasion for their utterance appears to be the seeming swing of the Administration and the executive bureaus away from a policy of perpetual experiment and in the direction of prudent promotion of recovery.

It is possible that the point of view taken by the bankers' conventions and chambers of commerce was a result, rather of relief from previous fears of radical governmental action—monetary or otherwise—than of developments of a highly encouraging character in trade and finance. But even if this supposition is accepted, the predictions of recovery remain. What of the evident belief that the upturn in the business situation is actually under way?

The business world, after three or four years of trade depression, is traditionally skeptical of assertions that real and continuous recovery has begun. It is likely to have unpleasant recollection of previous mistaken predictions to the same effect that sometimes have accompanied immediate upward reactions after panic, especially on the Stock Exchange—as in the curious "Sunshine Movement" during 1908, and even in the first few weeks of 1930.

Sometimes such predictions came along with a more vigorous and emphatic, but not less premature, speeding-up of trade and prices; the notable instance of this was the sharp six months' recovery of 1895. On all of such occasions, occurring, as they invariably did, early in the cycle of depression, it presently became evident that a false start had been made. The subsequent renewed re-



BROWN BROS.

THE average price of stocks at this writing (they were higher earlier in the year) is 53½ points above the average of July, 1932, or an increase of nearly 158 per cent. American commodity prices have risen 26½ per cent from the low point of 1933

action was rapid and severe, although it did not usually bring markets and business activities back to the lowest level of the preceding year or two.

On the present occasion, skepticism may also have been suggested either by the fact that the bank troubles and the bank moratorium early in 1933 followed quickly on the partial business recovery of the last half of 1932, or by the feeling that, all existing circumstances considered, the future is obscure and difficult to read.

Grounds for recovery

BUT the bank troubles are very evidently in the way of being removed from the situation, and the view of the economic future, at this stage of preliminary recovery, is always surrounded with obscurity. No lasting recovery from a great economic readjustment has ever occurred in our history without widespread perplexity at the be-

ginning of the upturn over the actual economic prospect. It should, therefore, be worth while to ask: "On what concrete grounds do either business organizations or the general business community expect genuine recovery?"

There are more than half a dozen.

First, perhaps, may be mentioned the traditional fact that, in the period of reaction following a major financial crisis, four consecutive years of liquidation and reaction will usually have completed the economic readjustment. Revival from the depression following the panic of August, 1893, began in 1897. After the September panic of 1873, depression had visibly run its course by 1878. About the same distance of time was observed after 1857 and 1837. Real recovery from the depression following the breakdown of October, 1907, was conceded to have begun in 1912; but the outbreak of war in south-

eastern Europe in the autumn of that year and the beginning of the world conflict in 1914 checked the impulse to revival, the world over.

If some more definite evidence is asked, we have the record of what has already been achieved since the period recognized by every one as the low point of depression. The upturn of staple prices has carried the general average $26\frac{1}{2}$ per cent above the low-level monthly calculation, in the spring of 1933. The average price of stocks, at this writing (they were higher earlier in the year), is $53\frac{1}{2}$ points above the average of July, 1932, or nearly 158 per cent. The latest monthly index number of industrial production, 73 per cent of the 1923-25 average, stands nearly 26 per cent above the low level of 58 in July, 1932. This index also has been higher than at present during recent months. Manufacturing employment by the Commerce Department's latest index number, stood 34 per cent above the low-monthly level of either 1933 or 1932.

Railway gross revenue for the first nine months of 1934 was $6\frac{3}{4}$ per cent above the same period of 1933; net operating revenue, 72 per cent above that of 1932. Export trade for the ten completed months of 1934 stood $57\frac{5}{8}$ per cent above the same period in 1932, and by no means all of this was due to higher prices. The U. S. Government's revenue for the fiscal year 1935 to date exceeded by more than \$300,000,000 that of the similar period in the preceding fiscal year, and receipts from income tax alone, which are a better reflection of actual business conditions, have risen during the period \$59,000,000 or approximately 30 per cent.

Effect of devaluation

I AM quite aware that many of these evidences of recovery are sometimes ascribed, in part or as a whole, to the various experiments by the U. S. Government—monetary, industrial and agricultural. The $26\frac{1}{2}$ per cent rise in average American commodity prices from the low point of 1933 is frequently imputed altogether, even in official declarations, to devaluation of the dollar. The rise of the Labor Bureau's index number of farm-product prices, compared with the first week in March, 1933—but 54 per cent as of July, 1933 and 80 per cent as of September, 1934—is occasionally put down to the same cause or to the Government's agricultural policy. Similar explanations have been advanced regarding the general forward movement of industrial activities.

That these governmental measures had an influence, direct or indirect, there can be no reasonable doubt. Dollar devaluation, like paper currency deflation, did at least tend toward higher prices; it has done so in England, where the pound sterling, although not legally de-



W. M. VAN DER WEYDE

THE latest index number of industrial production stands nearly 26 per cent above the low level of 58 in July, 1932. Manufacturing employment, according to the Commerce Department, stood 34 per cent above the low monthly level of either 1933 or 1932

valued, has fallen on the international market in almost equal percentage with our own dollar. But average prices in England have been reckoned by the British Board of Trade for October, 1934, at not quite five per cent above the average of September 31, 1931, when Great Britain forsook the gold standard. The average advance in the United States since similar action was taken has been $26\frac{1}{4}$ per cent.

It is generally recognized that part of the extremely rapid revival of industrial activity in this country in the summer of 1933 was due to the feeling of producers and merchants, first that actual currency inflation measures might be in contemplation; second, that the NRA codes, when made effective, would increase cost of production. For these reasons actual requirements of consumers were anticipated.

But even at that, it should be observed that sharp reaction followed immediately after the mid-summer expansion of 1933; also that the rise in farm product prices has been mainly due, in the present year particularly, to harvest shortage throughout the world in 1934; notably to production in the United States of

major grain crops smaller than any yield since 1894 or earlier.

So, also, it will be admitted that the Government's public works activities have stimulated employment. But the Commerce Department figures, showing an increase of 34 per cent in employment, apply only to manufacturing industries—not to work on roads, on power-works construction or on public buildings. In short, any careful study of the movement will necessarily bring the conclusion that much the greater part of the recovery is attributable to revival of confidence, restoration of a sound position in the banking structure and proportionate increase in normal consumption.

In most respects, the present movement of recovery from depression has followed the path made familiar on such occasions by our previous history. This is true even of the incidents of premature activity with the subsequent temporary reaction; it is equally true of the feeling nowadays that the political and industrial future is still obscure. There has been no recovery from an American depression cycle when, in its preliminary stages, the same objections were not made. There has been none in which the longer outcome did not bring into sight a greatly altered economic world. The answer to the question "Exactly what course will recovery and industrial reconstruction take on the present occasion?" is made less easy because of certain differences in character between the recent depression and those which preceded it. These rather striking contrasts explain the severity of the depression:

1. The recent depression is the first, at least in the memory of living men, in which the whole world has been simultaneously plunged into serious economic difficulties. In 1907 England and France were in a strong position; the American panic hardly touched them; their markets were able to support the economic structure of other countries which were hard hit—the United States

particularly. The panic of 1893 occurred in the United States three years later than the London crisis of 1890, from which England was by 1893 recovering. England and Germany supported the American position after 1873. Until 1929 the United States which emerged from war little shaken, supported an economically shaken Europe; but our own wild extravagances of 1929 changed that position completely. In 1931 the European economic structure collapsed, with formidable reaction on our own.

2. This contrast is readily explainable by the further fact that the recent depression has been the first in more than 100 years when the economic penalty for a devastating world war had to be paid simultaneously by all the nations. Not since the end of the Napoleonic wars has the whole world had to face at the same time the consequences of an unprecedented heaping-up of public indebtedness—largely international—of complete derangement of international trade and international production, and of disordered currencies.

A more extensive grain surplus

3. AGRICULTURE, the world over, has been confronted with conditions never heretofore present in a great economic reaction. Severe decline in agricultural prices, it is true, was always an incident of previous panics and of after-panic depressions. But that condition was almost invariably corrected by voluntary curtailment of acreage; this was followed, in 1897 and 1879, by crop failure throughout Europe which resulted in a highly profitable market for countries which had been fortunate in their harvests. On the present occasion the World War, with its diversion of agricultural producers to military service and its blockading of previous sources of grain supplies, had increased grain production enormously in non-belligerent countries. The same circumstance stimulated effort at increased grain production in all of the belligerent countries after return of peace. Of this the consequence was, by 1928 or 1929, a yearly world crop vastly exceeding consumptive requirements.

The further sequel was the raising of barriers by nearly all countries against import of foreign grain, while still continuing their own greatly enlarged production. These complicating influences presently resulted in such accumulation of unsold surplus wheat that, in the course of a few years, the "world carry-over" had risen to a magnitude previously unimaginable. Disordered world grain markets, exceptionally violent fall in world-wide grain prices, and hardship among agricultural producers, were the inevitable result. It remains at present to be seen whether the world-wide harvest shortages of 1934, with the consequent reduction of perhaps 30 or 40 per cent in the "world wheat carry-over" will or will not correct permanently this abnormal situation.

4. One of the most striking differences between this and other depression periods has had to do with the surrounding circumstances of company bankruptcy. The major economic

crises of older periods were almost invariably precipitated by sudden and disastrous failure of important financial institutions and were followed (except perhaps after 1907) by further widespread insolvency, notably among banks and railroads. For the Knickerbocker Trust Company suspension in 1907, the receivership for the Cordage Company and the Erie Railway in 1893, the failure of Jay Cooke in 1873 and of the Ohio Life and Trust in 1857—all of these incidents occurring just before the outbreak of panic in those years—there was no parallel whatever on the eve of the 1929 panic. The hugely overinflated stock market simply collapsed of its own weight, and the perpendicular fall of prices responded simply to an avalanche of liquidation which gathered force as it continued.

There has been a considerable contrast in the matter of company insolvencies during the depression period itself. The panic of 1873 was followed by suspension of nine out of every 1,000 commission houses doing business in the United States. The immediate sequel of 1893 was not only the failure of 13 business houses out of every 1,000, but railway insolvencies which left one-fourth of the country's railway mileage in receivers' hands. It is true that American bank failures occurred in formidable number after the panic of 1929. As against a yearly average of 598 in the three years before that panic, the average of bankruptcies in the three ensuing years was 1,700 a year, and the general moratorium of March, 1933, temporarily stopped business for all banks. Business failures, outside of banks, also reached an impressive total after 1929, though the ratio of defaults to houses in business was smaller in 1930 than in the period following 1893 or 1873, and did not pass the older record even in 1931. But in the matter of railway receiverships, the record of bankruptcies on the present occasion fell far below that of the period following either 1893 or 1873.

In the railway field, as in the banking field after March, 1933, the calamity of outright insolvency was mostly averted by government aid for the companies with a view to meeting the emergency. Since the Reconstruction Finance Corporation was established in 1932, and especially since the immense extension of government credit bureaus after March, 1933, public funds have been utilized on a quite unprecedented scale to avert corporation insolvency.

Regarding this historical innovation, two opposing contentions have been made. It is held, and generally admitted, that the baleful influence of accumulating financial distrust and fright has been immensely abated by this recourse. On the other hand, it is occasionally argued that this very policy of governmental relief has prevented the logical readjustment which would follow scaling-down of company indebtedness through bankruptcy, and reorganization on a new



NORFOLK & WESTERN

RAILWAY gross revenue for the first nine months of 1934 was 6¾ per cent above the same period of 1933. . . . In the railway field, as in the banking field after March, 1933, outright insolvency was mostly averted only by government aid

and safer basis. The question is raised, from this point of view, whether the policy adopted may not have stood in the way of that thorough reconstruction of the railway corporation structure which was effected so quickly and with so great success after 1893.

The longer result on the present occasion will no doubt show which of the views is correct.

Meantime, however, notwithstanding the variations from the phenomena that were witnessed in the older depression periods, it will be recognized, by every

one familiar with our economic history, that the recovery since 1932 or 1933 has at least duplicated the preliminary course of sustained recoveries from previous great depressions—recoveries which led the way to return of prosperous business.

It has been the lesson of all such episodes in our history that, after the distinct upturn in the cycle of prosperity following the four or five year period of readjustment and liquidation, the return of confidence and revival of business were never interrupted by reversion to hard times.

A United Voice for Retailers

Paul H. Nystrom, president Limited Price Variety Stores Association



UNDERWOOD & UNDERWOOD



FOR NATION'S BUSINESS BY LOHR

Among those who will present the retailers' views are (left to right) Charles A. Bethge, Harold Young, Mr. Tily, Gerald Grosner and G. B. Stockton



FOR NATION'S BUSINESS BY LOHR

Herbert J. Tily, of Strawbridge and Clothier, Philadelphia, is president of the Council

RETAILERS, large and small, will speak with a united voice on such questions as hours, wages, taxation, unemployment insurance and old age pensions through the recently reorganized Retailers' National Council. This organization, through which the efforts of 11 national retail associations will be coordinated, is prepared to present the merchants' views on many of the problems which will come before this Congress. Its members feel that the retail trade can play an important part in recovery. To this end a program has been drawn up by a committee on which were Herbert P. Sheets of the National Retail Hardware Association and chairman of the Council; Allen Sinsheimer of the National Retail Clothiers and Furnishers Association; Roscoe Rau of the National Retail Furniture Association; Harold Young, Washington representative of the National Retail Dry Goods Association, and Paul H. Nystrom, president of the Limited Price Variety Stores Association.

The Council itself is made up of representatives of its 11 member organizations: National Association of Retail Grocers, National Association of Retail Druggists, National Retail Hardware Association, Limited Price Variety Stores Association, National Shoe Retailers Association, National Retail Furniture Association, Mail Order Association of America, American National Retail Jewelers Association,

National Retail Dry Goods Association, National Council of Shoe Retailers and the National Association of Retail Clothiers & Furnishers.

What's Ahead in Washington

W. M. KIPLINGER Resumes His Monthly Round-Up

Dear Mac: Glad to hear from you again, glad to reply.

I shall *try* to tell you what's ahead in Washington, being exact where circumstances warrant, being purposely vague where to be otherwise would be mere guess work.

The object is to give you a bit of guidance for your own practical business policies, not just to entertain you with the Washington spectacle.

Pro or Anti New Deal?

WOULD you mind if I did a little preaching at the kick-off? I would like to say a few things about your attitude, as a business man, toward the particular brand of government

which we now have with us.

As a business man, as the manager of a business, it is highly undesirable for you to be passionately pro New Deal or anti New Deal. It is your job to run your particular business by standards which will "make money." This means that it must be run as nearly as possible in accordance with public policy. And public policy is applied through the agency of government.

Public policy just now is like a river in flood. You are piloting a boat in the current. It is your immediate job, as a business man, to look out for your boat, to watch the currents and eddies, to manage as best you can in the midst of them. Too many business men devote too much time and energy to standing on the bank and hollering at the flood. It's fun, but it doesn't get the work done.

The New Deal isn't always right, but it isn't all wrong. As a citizen you can think what you will of its net merit or its net fault. You can praise or kick all you please. But as a business man, you have got to go along to a certain extent. You have got to dissociate your business self from your personal self. If the two happen to be in agreement, good. If they happen to be in conflict, you must draw some line between your different selves.

Let's Look Backward

JUST to get perspective on where we now are, let's look back to where we were, and see whether this suggests the future. Take any set of business charts which cross your

desk and look at the wiggly lines. Look at a lot of them. You'll notice that most wiggled downward through 1930, 1931, 1932 and the first quarter of 1933. Then, in March, April or May, 1933, most started upward and have been going irregularly upward ever since. That's a fact. There's nothing new about it, but there's some merit in noting it again.

Examples of improvement since the spring of 1933: Commodity prices, general industrial production, farm income, pay rolls, employment, purchasing power, retail sales, car loadings, bank deposits, bank reserves, production volume of steel, automobiles, electric power, bituminous coal, and other key commodities.

Let's not take time to be technical or minutely analytical. Let's recognize just the one simple fact that for the past 20 months most business indices have improved, and still appear to be improving.

Let's note also that the one important field in which

improvement has *not* occurred, according to the indices, is in bank loans, and velocity of credit.

Worst is Past

IT LOOKS to a lay observer of business statistics as if the worst of the depression might date from some time before the middle of 1933.

I understand that an expert business analyst, Mr. Noyes of the *New York Times*, is writing something for you in this issue on where we now stand in the business cycle.

Better look and see what he says. [Page 15, Ed.]

View of Future

LET me give you a sketchy outline of the business future—the composite opinion of a number of Washington experts who are not swayed by the political sentimentalities of

government administrations which come and go. Generally and approximately they think this:

Most lines of business will improve between now and next April or May.

The average of all lines will improve.

The degree of improvement will be very moderate, perhaps ten per cent over November, on the average. This refers mainly to physical volume of business—activity, turnover, gross.

Commodity prices will not increase much, on the average.

Beyond next spring, it is hard to foresee. Some think there will be no decline. Some think there will be some sort of summer slump of more than seasonal proportions, as there was last summer.

I am inclined to go along with this latter view, but I am not sure, and I cannot support the feeling by an array of logical argument. I feel, somehow, that the new recovery efforts of the Government are going to be slower taking effect than the Government thinks.

Year Hence

THE opinion of a majority of non-political Washington analysts is that the whole of 1935 will be a slow

climb out of depression. Progress will be definite but tedious. Encouraging factors will outweigh discouraging factors—but moderately. There will be no big boom. Little booms in certain lines will be neutralized by depressing influences in other lines. The outlook is not rosy, but it is heartening.

This depression seems to be tougher than most. It went down longer and further than most. It will take longer to get out. It will be a climb, not a burst. The more you adjust your business policies to this pattern of expectation, the more likely you are to keep healthy.

New Year Statements

YOU will soon be flooded by 1935 statements from business leaders. These statements are largely bunk, trash, conventional utterances devised by publicity agents to attract momentary attention, to get headlines in newspapers

for a day. (The newspapers often play up the optimism, often throw in the wastebasket material which might seem dampening to enthusiasm.)

Congress Background

NATURALLY, you want to know what Congress will do to or for business in the next six months. You haven't any time for a long harangue, so let me give you just a few pointers for background. Next month I can help you reduce these a little closer to your needs.

Opening, January 3. Closing, probably late June—six months of legislative uncertainty. Earlier adjournment, as suggested by published statements of congressional leaders, is improbable.

Control of Congress, largely in the President. Congress will do, on most things, what he wishes. In periods of doubt and confusion of daily news during the next few months, watch mainly the news from the President.

Not a pleasant session. Much bad feeling between the various blocs. A good deal of splitting up within the Democratic majorities, and within the Republican minorities. Over all of them, the President—wangling, cajoling, compromising, bending when the winds are too stiff.

Radical proposals, radical bills, wild schemes, will make front page headlines many times a week. But when the session is all washed up, by late June, most of these radical plans will have failed of enactment. There will be plenty of times when you will feel like getting excited, but keep your shirt on.

Spending? Yes

CONGRESS is going to authorize a lot more spending. The practical questions are, How much, and what for, and when end?

How much? Remember that in appropriations Congress will be dealing with the fiscal year 1936, starting July 1, 1935. A good guess is that for the year ending in the middle of 1936, the Government will have paid out approximately four billion dollars more than it will have received in revenues.

For perspective there are three points to keep in mind: First, a truly balanced budget is at least 18 months off, and probably it is two years off. Second, a deficit of four billions next year is not wholly a deficit, for it includes loans, and some of the loans will be repaid. Third, the budget is off balance by something like four billions a year, not by the bigger sums which shortly will be appearing in headlines as the totals of proposed appropriations.

Spend, what for? Mainly for public works, loans to make substitutes for public works, work relief and direct relief (doles).

When end the spendings? Don't know. The end isn't in sight. To establish some sort of plan for achieving an ending is the big joint job of government and business in 1935. It seems as if the paring down process might begin in 1936, but not much before. As yet there are no symptoms of any governmental orgy of thrift.

Public Works

PART of the Administration's plan for a big scale program for public works and allied spendings will have been announced by the time you read this. There will be changes, additions and subtractions as the session of Congress progresses. There will be much wrangling, but in the end the Administration will get approximately what it asks.

For your practical business purposes the time element on public spendings and public lendings is important. How long will it take for these new pump primings to take effect? Immediately, or spring, or summer? It's hard to say definitely, but it's safer to think in terms

of delay. None of these things ever get going as quickly as the advocates advertise.

Relief, Doles

THERE'S a lot of talk about abolishing direct relief payments. It is desirable, but it isn't possible. Even for those who can work and want to work—the so-called "employables"—it seems likely that work projects cannot be developed fast enough to take the place of direct relief within the next few months. Bad as doles are, we shall have them with us for a long time yet. But we shall make progress in 1935 toward substitutes.

Housing, Public or Private?

IN ONE way or another, we are going to have much more construction in 1935. It is going to be by both public capital and private capital, with public capital taking the lead. This is not in line with the wishes of conservatives, but it is inevitable because of the political push behind what might be called "welfare housing." Homes for families of small income. Especially homesteads where men may make a subsistence off the land between times when there are wage-earning jobs. This is a settled feature of administration policy and Congress will support it.

The Federal Housing Administration, focal point for private capital, is doing a good job on promotion of modernization and this movement will gain momentum throughout 1935. The mortgage reform movement has moved too slowly under FHA, however. Congress will become impatient and will do something to speed the procedure.

Private capital is on the point of moving into the construction field, but is still timid and the next few months of Congress are not likely to be reassuring. It seems most likely, therefore, that a building boom, based on private investment, will not develop until late 1935 or perhaps even 1936.

To keep a sharp line of demarcation between public works housing and private investment housing is the Government's announced intention. This is supposed to satisfy private capital. I think you are warranted for the present in taking this with a grain of salt, for government enterprises have a way of becoming aggressive and of edging over the lines originally drawn for them.

Higher Taxes?

IT LOOKS as if there will be no big increase in taxes by Congress during the coming session, but this is not certain. Most existing special excise taxes will be extended. There will be no general sales tax.

Bonus

THERE seems to be no way of avoiding some form of cashing of the bonus. It will not take the form of full cash payment, costing two billion dollars in one whack. It will be some compromise, and at this time there's no way of figuring just what. It will be one of many emergency measures which will furnish temporary increase in purchasing power later in 1935.

Control the Credit

ONCE upon a time banks and bankers did pretty much what they pleased with their credit, subject only to certain routine regulations and to certain general influences by the Federal Reserve Banks on volume and price of credit.

Now there's a centralized control by the Government, and this will be further organized and defined by several measures in Congress this winter. The Federal Reserve Board will be given additional powers—a rough substitute for a Government central bank.

There are two purposes: (a) To put the Government

in position to regulate the credit supply which the Government itself taps for borrowings to make up its year-after-year deficits. (b) To enable the Government to determine the general conditions under which private business may obtain credit.

Average interest rates are going to come down, to levels generally lower than they now are. The Government definitely intends to accomplish this. There are many ways to do it, both direct and indirect.

Lower interest rates represent one way by which the Government may lighten its own debt burden. It isn't the repayment of principal which primarily worries big debtors; it is the carrying cost.

Government As Borrower

THE Government's ability to borrow is holding up remarkably well. One reason is that banks and other financial institutions are already loaded up with government bonds and dare not dump them. Besides, there are various pressures which the Government can apply to "persuade" banks to buy more government bonds. The system of persuasion is working well and shows no signs of weakening.

Inflation

THERE has been inflation of currency but it has not been particularly effective. The scheme hereafter is to "expand" credit, but not currency.

Further devaluation of the dollar from 59 to 50 is possible by executive action, but indications are that the Government wants to keep it at 59, wants to maintain a "stable dollar" for the coming phase of business recovery. Only a crisis in the European gold bloc, with an accompanying decline of our domestic price level, would change the situation.

No big burst of inflation is expected within the visible future. It probably will come gradually.

Prices

THERE'S now a marked abandonment of hope or desire for much higher prices within the next six months or more. The emphasis hereafter will be on more physical volume of business, more jobs—not higher prices, not higher living costs.

Labor

THE Government is dead set on promoting the principle of collective bargaining. You as an employer should recognize that it is inevitable and unavoidable, and you should prepare your mind for abandonment of reliance on the company-controlled union.

This doesn't mean that the Government is eager to boost the A. F. of L. Truth is that the A. F. of L. is in position of disfavor with the Government, with such pro-labor officials as Miss Perkins, Richberg, and Ickes.

Rigid wage scales are going to be broken for many public works projects, in exchange for greater volume of work and long-period wage payments. It isn't clear how these lower wage scales will be extended to private employment.

NRA

NRA is still going through a period of reorganization and debunking from within. The intoxication of the Johnson regime is wearing off. There's a more sensible attitude throughout. Young Averell Harriman is doing a good job as "general manager," acting under the NRA Board.

Many features of many codes are unenforceable, and will be trimmed out in due course. Enforcement eventually must rest largely upon industries themselves. Those with good organization can enforce, those without

good organization cannot enforce. Price fixing is already slipping in all except a few lines.

Other Things

Railroads: Very few receiverships within next year. The RFC and the ICC will continue to bolster up most of the weak roads.

Utilities: Holding companies are on the skids, but well managed operating companies still have good chance to be moderately profitable.

Telephones: A. T. and T. is the Government's new *bête noire* for the next few years.

Munitions: Congress probably will put manufacturers under a license system.

30-hour week: Not a chance of enactment.

Unemployment insurance: See analysis elsewhere in this magazine. (Page 41)

Agriculture: New trend of policy is toward controlled expansion of production next year (*plenty* instead of *scarcity*) with surpluses for export, with farmer income augmented by benefit payments, these to be financed out of continued processing taxes.

St. Lawrence: Chances are not very good for the St. Lawrence project. Even if the treaty is ratified by the Senate, it will encounter new opposition in Canada.

Economy: There's much new official talk about economizing in regular government operations. It is more talk than substance.

Advertising: There's a new movement among advertisers to regulate false and misleading advertising. If this is vigorous enough it may forestall the Tugwell Bill.

Note that government policy is gradually in the direction of encouraging competition. This suggests the possibility that advertising may increase in 1935, for it is one of the major forces in competition.

Corporation surpluses: Various high officials have the idea that many big corporations have excessive surpluses, judged by economic standards, not merely tax avoidance. There's a groping around for some means of attacking these surpluses, for encouraging the distribution of them in dividends. Keep this in the back of your mind.

Liquor taxes: There's very little chance of reduction.

Navy: Chances are that Congress will go "big navy." The whole world is headed toward another war, somewhere, sometime, not many years off.

Farm lands: There are a few factual reports and many loose rumors indicating that men of wealth are preparing to buy farm lands as a hedge against inflation.

Profits system: Officials will find many opportunities in the next few months to explain that they are trying to maintain private initiative and private profits.

Recovery: Once again—recovery is under way, but will be slow. 1935 will be upgrade, but subnormal. Not till 1936 will business get normal, or not far under normal. Meanwhile technical efficiency in production is rapidly increasing, cannot be stopped. This means fewer employees and shorter hours in the established industries. But there will be new industries, new phases of old industries. Better houses. Better trains. More airplanes. Visual radio. More refrigerators, bath tubs, electrical appliances. Better schools, sure to come when we get through fussing around with the less essentials.

For the long pull, there's no need for discouragement. Living standards will rise, not fall. Our children will be better off than we are.

Sincerely yours,

Wm. L. Hughes



ALL PHOTOS ERING GALLOWAY

Chemically wrought plastic materials played a large part in the development of the auto

"SUBSTITUTE" has some unpleasant connotations of cheapness and a sly sort of deception. "Chemical substitute" is even worse. To cheapness it adds nastiness and even some suggestion of harmful effects, while a deception carried on by scientific methods which the layman can neither understand nor detect smacks certainly of taking unfair advantage of the poor public.

No such stigma attaches itself to glass. Yet glass is a chemical product which once displaced natural products. We have simply forgotten that the tumbler we drink from is a chemical substitute for the brass bowl of the East and the horn flagon of the North, which had in their time been substitutes for half a coconut or a big clam shell. Nevertheless it is both; and, moreover, it possesses those very characteristics which have always made synthetic materials valuable to mankind.

In the first place a chemical substitute, in replacing a natural product, frees it for other uses. When indigo dye was first made synthetically from coal-tar, to cite the classical example, its commercial introduction ruined many a prosperous indigo plantation in the Far East and Central America. Today two million acres of land once devoted to growing the dye plant are sown to rice, maize, and millet, a considerable contribution, especially in India, toward solving the ancient problem of famine.

If we had no artificial leather, it has been carefully calculated, it would be necessary to devote the whole Mississippi Valley to raising cowhides for our automobile upholstery and tops. In such an event a sirloin steak would become a by-product of the tanneries. It might sell for as little as two cents a pound—but a pair of shoes might cost \$25.

This is highly fanciful economics but it is a plain fact

Have We Any

A chemist looks at a bowl of milk

THE milk cow is thus seen to be a degrading machine for the conversion of cellulose (grass) and such into an aqueous emulsion of fats, sugar, and proteins, and a trace of mineral salts—called milk.

Of course the grasses are nothing but moist air, i. e., carbon dioxide and water and a little nitrogen photo-synthesized into carbohydrates and plant proteins together with traces of mineral salts. In the near future we shall be able to carry out these degradation steps without service of the cow. In other words, these same enzymatic changes effective on cellulose in the cow's stomach and through the mammary glands will be capable of accomplishment in the chemist's reaction vessels.

from "The Farm Chemurgic"
by William J. Hale

that Fabrikoid and Keratol and Zapon are cheaper and more durable materials for automobile use than cowhide or calfskin. Contrariwise, real leather, because of its porosity, is a better material for shoes.

Our modern civilization is making unprecedented demands on the world's stock of iron, coal, wood, copper, zinc, rubber, petroleum, and what not, and some irresponsible statistician has estimated that each of us consumes seven times as much of these raw materials as did the Englishman of Queen Elizabeth's time.

According to all reports, the subjects of Good Queen Bess were plucky trenchermen who doubtless polished off quite as many foot-pounds of foodstuff energy as the best of us in these concentrated and dyspeptic days. But their beef and mutton, their beans and turnips were home-grown, while we bring beef from the Argentine, mutton from Australia, and fresh vegetables the year round from Texas, Florida, and California. By replacing the sailing vessel and stagecoach, we have increased almost *pro rata* our drafts upon the world's raw materials because there is a basic economic difference between power generated by the winds of heaven, which are free, or from horse fodder, which can be grown in a twelvemonth, and that generated from coal or petroleum, the supplies of which are fixed and irreplaceable. By shipping pineapples from Hawaii and bananas from Central America we have overcome, in an economic

Essential Raw Materials?

By WILLIAMS HAYNES

Publisher, "Chemical Industries"

sense, the rigid physical limits to the quantity of food one person may eat.

No such rigid limit restricts other human wants. For all their gaudy doublets and elaborated ruffs, the Duke of Buckingham, Sir Philip Sidney, and the other dandies of the Elizabethan Court actually owned fewer clothes than a successful merchant of Des Moines or Dallas. An instalment bungalow in a suburban development contains more plumbing than did the great palace where the royal daughter of Henry VIII and Anne Boleyn was born. There are greater tonnage and length and vastly more physical equipment in a score of pleasure yachts that cruise Long Island Sound than in the ship used by Sir Francis Drake in his voyage round the world.

All those worthy booksellers, the printers of the first editions of Shakespeare, Bacon, Spenser, and of their

brilliant, prolific contemporaries who made that golden age of English literature, consumed in a year far less paper than a week's issues of fourscore of our larger newspapers.

The paper consumed in one Sunday edition of any of our larger metropolitan papers strips bare 20 acres of spruce forest—a horrid thought that we cannot quite banish by boasting cheerfully that, for all their achievements in literature, architecture, and exploration, the Elizabethans had nothing to compare with our 24,317,-

Casein, from skimmed milk, is used in calico printing and in cement



3,524,682 gallons of ethyl alcohol are used each year in the manufacture of rayon



020 motor cars, our 89,019,000 miles of telegraph and telephone wires, our 204,391 miles of railway. It is much to the point to add that they had no corresponding and stupendous consumption of metals, fabrics, rubber, coal, lubricants, and gasoline.

Our American industries with their technique of mass production pour into their furnaces and crushers, their vats and autoclaves, enormous tonnages of raw materials. The statistics of consumption look like astronomical data:

Of pulpwood, 7,645,011 cords to make paper; 1,039,921,589 barrels of crude petroleum for gasoline and lubricants; 3,524,682 wine gallons of ethyl alcohol for the manufacture of rayon; 2,294,183 tons of sulphuric acid to make fertilizers; 6,346,363 tons of salt consumed each year in our chemical industries; 76,758,958 tons of coal coked; and 104,712,586 gallons of vegetable oils in our

soaps. These are but a single year's consumption in the United States. The whole world's consumption of metals (one of the few materials for which there are approximately correct international statistics) has been estimated by Dean Theodore J. Hoover, of Stanford School of Engineering, to exceed a billion tons a year, which reduces to the astonishing figure of 1,000 pounds every 12 months for every man, woman and child in the world.

Too many cries of "wolf"

SUCH staggering figures are a delight to those scientists and economists who write for the Sunday newspapers terrifying forecasts of the dreadful things that will happen when this or that essential raw material vanishes. Such calamities may come. The end of our supplies of wood, coal, crude oil, tin, have all been so often and so carefully estimated that even the most cheerful optimist must admit the possibility. But, for a number of good reasons, it is only a possibility.

First, there is always the chance that new sources may be discovered.

Second, there is the probability of discovering methods and processes which will make it possible to utilize low grade supplies.

Third, any serious threat of a shortage would advance prices and, accordingly, curtail consumption. Higher prices would make it practical to work low-grade material now wasted and would also promote the use of substitutes. All these perfectly natural economic processes would come to work to postpone the day of exhaustion.



A synthetic product, in replacing a natural one, frees the natural product for use in fields where it is essential

Wood is one of the particular pets of those who prophesy such an end for industrial civilization. The world's forests are melting away. The uses of wood are many. Reforestation lags far behind consumption. The end of our wood supply is, they point out, plainly in sight. Grant that it is.

Then let us face the facts.

Dr. John E. Teeple has done so and discovered that wood has long since ceased to be a necessity either for fuel or construction, for furniture or for charcoal. Its chemical use as a source of methanol, acetic acid, and acetone has already been replaced by synthesis and could be discarded entirely without inconvenience to chemical

operations. Its use as a raw material for making paper and near-silk garments would present a more serious difficulty, and these industries would be forced to use annual cellulose from plants instead of perennial cellulose from trees.

Such a switch might be a bother, but it is not impossible. Dr. Teeple's conclusion was:

"I can find just one industry where the disappearance of wood might be a horrible calamity and might cause a considerable change in the trend of our modern civilization. I cannot see how the manufacture of antique furniture could continue without wood."

This joking conclusion is true. It holds good for many of our most cherished raw materials. If we but take the time to set down their so-called essential uses we usually find that already we have a substitute or know where to look for one.

The brown coal that underlies North Dakota is not the rich anthracite of Pennsylvania. An oil shale deposit is not the facile oil gusher. But the hydrogenation process, for which Friedrich Bergius won a 1931 Nobel Prize in Chemistry, is our guarantee of a future supply of fuel, of lubricants, of all sorts of hydrocarbon raw materials. Our enormous consumption of copper in electric wiring has gravely concerned the exhaustionists. Already aluminum is replacing copper for this use. Aluminum is the most abundant of all metals; but, even if the present supplies of bauxite were to be dangerously depleted, we know of whole mountain ranges of rocks that contain 25 per cent of aluminum. We do not yet know how to extract the metal from these ores profitably but, should the

necessity arise, the higher prices resulting would be incentive enough to find a way to do it.

In these ways chemistry will conserve raw materials. Moreover, this negative conservation is already being ably helped by the positive saving of irreplaceable supplies through the greater employment of chemical substitutes.

The conservation of natural raw materials and the release of land and labor for better economic purposes are not, however, the only services these chemically manufactured substitutes perform. They have been a prime factor in reducing the costs of many different goods. They are providing our modern industries with a wide variety of new materials which often possess

particular properties specifically adapted for highly specialized uses.

Chemical substitutions fall into two economic classes:

1. One chemical for another.
2. A chemical for a natural product.

Of the latter type we have vanillin for vanilla beans; rayon for silk; sodium silicate for dextrin and glue; lacquers for varnish; synthetic for natural camphor; aspirin replacing quinine; phenolphthalein used in place of buchu, cascara, aloes, and a score of other cathartic drugs; ammonia, methanol and acetic acid produced from chemical raw materials by chemical processes.

(Continued on page 60)

Why Relief Costs So Much

By ERIC A. JOHNSTON

Chairman, Spokane County Welfare Board

THOMAS Jefferson was right. Perhaps the political philosophies of the sage of Monticello should now be swapped behind the barn by his century-old party for the glittering diadem of Hamiltonian Federalism. But even our first Secretary of the Treasury, in his high moments of exuberance for centralization, could not have dreamed of offering human misery upon the altar of bureaucracy. If there is ever a place where decentralization of governmental activities is essential, it is in the treatment of America's paramount problem—relief. For two years all roads have led to Washington. What more logical than, in our one-track system, we should dump the white elephant of relief, bag, baggage and trainers on a through train with a one-way ticket to our federal Capitol?

It all started because some local governments, bogged down with financial difficulties, were unable to cope with their problem of relief. Federal aid was essential. With some communities receiving assistance, the stampede was on. Every corner of America wanted its share of funds from the United States Treasury. Gradually Washington realized that her problem of relief was immense. Greater than even Washington had dreamed. If federal money was to be spent, what more logical than that there should be federal supervision and later that it should mean complete domination and direction from Washington? The local citizens' committees were glad to escape the problems and to let Washington feed the elephant. And now, like the mythical ostrich, we have buried our heads in philosophic sands, refusing to see the Gargantuan monster that is growing by our side. Perhaps Thomas Jefferson has ceased to be an oracle for modern democracy.

Relief is not lessening; it is increasing. The expenditures per relief case are mounting. Let me choose as an illustration my own county of Spokane, Wash. First, because I am most familiar with it. Second, because it has an unusually capable



COURTESY FERA

Periodic attempts have been made to give those on relief a work test. Each time the number refusing to work has increased

A BUSINESS man diagnoses a new and spreading disease which he calls "Reliefitis"—isolates the germ and offers a prescription which he believes, if taken in time, may save the taxpayers from expense and the unemployed from themselves

staff, and third, because it should present the sunny side of our reemployment clouds.

Business is stimulated

SPOKANE, during the past six months, has been one of the bright spots on the Pacific Coast and perhaps in the United States. A peculiar combination of circumstances has made this inevitable. For two decades the citizens of the Northwest have struggled and hoped for development of the Columbia River. Now it is becoming a reality with an immense federal dam at Grand Coulee, a short distance from Spokane. Beginning last winter, large crews were employed on this project and practically every line of business in this community has felt the pump being primed. The whole region has been awakened

from lethargy with the invigorating flow of increased business circulating more rapidly through arteries of trade. Our agricultural crops have been better than the average this year. In fact, one of our basic commodities, wheat, has returned a fair yield per acre at a good price because of the national drought. Of course, we have had the customary distribution of AAA funds to farmers.

The silver mines to the east of Spokane have been benefited by the artificial price for newly mined silver. In short, the result of this fortunate combination of circumstances has been summarized in the October report of the Federal Reserve Bank which lists Spokane as first in increased trade in the area comprising the Twelfth Federal Reserve District—all the states on the Pacific Coast. Spokane has consistently led this

region for the past nine months. I mention these facts merely to allow a better opportunity to scrutinize the effects of good business upon our federal relief rolls.

As a community depending upon agriculture, to a great extent, and with years of drought, the Spokane trade area felt the depression worse than most communities, but, nevertheless, made a consistent effort to care for all unfortunates needing assistance.

Early three distinct groups were

recognized. First, those willing and able to work. Second, those willing but unable to work through sickness or physical infirmities. Third, those able but unwilling to work. The first class was helped and some small degree of work was required in recognition of this assistance. The second group was given medical treatment and hospitalization, if necessary. The third group was requested to show its willingness to work or to move on. From the inception of relief there were few in this third group.

By February, 1933, the resources of the county were nearly exhausted. Federal aid was requested and granted. A local county welfare board administered this fund. Early in 1933, however, it became evident that the county's division of its problem into three classifications was distasteful to Washington. Spokane could not refuse help merely because a person would not work. Recipients of relief were told from Washington that assistance did not depend upon their willingness to work. Any and all were

NRA Holds a Style Show



Retailers, designers and manufacturers all were represented in the audience at the hearing

WHEN the code for the dress manufacturing industry was approved on October 31, 1933, it included a provision requiring the Code Authority to investigate the problem of style piracy, and to make recommendations to the Administrator. Accordingly, an amendment was drawn up which defined style piracy and made copying of original designs an unfair trade practice. The amendment also provided for registration of design.

Opposition immediately developed, chiefly among the popular priced dress manufacturers who banded together to fight the proposal. The opposition led to many changes in the wording of the amendment. Retailers were active in preliminary conferences with the Code Authority. Public hearings before NRA were scheduled and postponed several times. Finally, November 15, the hearing was held with some 400 members of the industry attending.

The proponents of the amendment contend that style is the most valuable asset in the dress manufacturing business, and that the protection of original design is essential to the welfare and stability of the industry. They hold that style piracy is a fundamental evil; that the practice of certain manufacturers in copying original designs and offering them for sale at reduced prices kills the sale of the original, causes price cutting, leads to sweating of labor and is responsible for cancellations of orders and much of the returns in the industry.

Opponents of the amendment contended that the proposal was impracticable and unenforceable; that it would work hardship or destruction on the 85 per cent of the members of the industry who are the makers of popular priced merchandise; and that if the amendment were approved it would deprive purchasers with limited means of the opportunity of



Miss Irene L. Blunt explains the working of the silk industry's design registration bureau

Maurice Rentner, chairman of the Fashion Originators' Guild, brings in pretty models to show how styles may be copied or adapted

obtaining new styles and desirable merchandise. Retailers, although they sympathize with the idea of protecting original designs, opposed the amendment as submitted on the grounds that it was not feasible.

Discussion ranged about the question of what constitutes a "copy" or an "adaptation," and "when does a copy become an adaptation." To answer these questions pretty girls paraded before the NRA, wearing models designed to illustrate copies and adaptations.

eligible for relief. In the past year periodic attempts have been made to give a work test to those receiving relief. Each time the number refusing to work has increased.

A year ago fully 85 per cent of all those on relief signified their desire to do some work for relief. In October, last year, 147 able-bodied men were called to work on a sewer in Spokane in exchange for food. Only 42 of this number were willing to work. Now, less than 50 per cent of those on relief are willing to work for the assistance given them. Had a work test program been instituted and rigidly adhered to, followed with Federal Government support, it is doubtful if the relief rolls would be as large today.

But what were relief loads, costs and administrative expenses before and after taking this magic elixir of business rejuvenation? In September, 1933, Spokane's County Welfare Board was administering relief to 4,015 families and 4,085 non-family cases at a cost of \$12.59 per case load per month. In April, 1934, our local Welfare Board was notified that it no longer was responsible for relief. It was retained as a purely advisory board with no authority and no opportunity to give advice except when requested—and requests have been rare. By last September, 3,956 families were on relief. The non-family cases numbered 1,689, and the average case load was \$17.76 a month—almost 42 per cent more than the year before.

The number of families on relief was practically the same, but the single cases were less than half. Of course, in the intervening period, Spokane became one of the bright spots on the financial horizon. In other words, the stimulation of PWA, agricultural relief, artificial price for newly mined silver and other factors had failed to reduce the number of family cases on relief materially. But, more interesting was the personnel of administration. The County Welfare Board during September, 1933, when under local responsibility, employed 108 people at a total administrative cost of \$8,012.55. By September, 1934, with a decreased case load and under strictly federal authority, the number of employees had increased to 228 and the cost of administration to \$17,837.99; more than twice the previous year. In October, 1933, our County Welfare Board employed 109 persons with the cost of administration \$8,825.31; but during October, 1934, under exclusive federal control, the personnel had jumped to 224 with a total administration expense of \$17,029.08.

The cost per case load has increased during most months since the

local Welfare Board ceased to have authority. Perhaps a portion of this increased cost can be explained by the rise in the cost of living and a higher standard provided to each case, but the doubling of the administrative expense on fewer cases seems to mean only that relief has become the inevitable plaything of partisan politics. The reasons are dazzlingly apparent. One or more of them apply to every community whose administrative costs have increased.

Red tape makes for expense

FIRST, that dismal, trackless morass of all governmental functions commonly called "red tape." Voluminous reports and records must be kept and mailed to Washington. Some genius has now concocted 118 separate forms to fill. This requires a large clerical staff. Any local administrator of relief is appalled at the insatiable appetite of Washington for reports. The rules of relief are constantly changed. The ink on one set of instructions is scarcely dry before another set has been issued. As a result, one system scarcely gets an opportunity for a fair trial before another system is superimposed upon it. Any auditor of a relief agency will tell you that at least one-third of the expense could be saved if a proper accounting system were installed and rigidly followed.

The second reason for this increase of administrative expense is the desire of some heads of departments to make their departments larger and thus acquire more authority with the hope of a larger compensation. In some instances no effort is made to remove cases from relief because this might mean the discharge of an employee. If there appear to be too many employees, a new department may be formed to administer some new phase of social welfare, or moral rehabilitation.

The third reason for this increased cost of administrative expense is the desire for political reward. Deserving friends and relatives are placed upon the rolls as subordinate administrators. It is becoming exceedingly difficult for a welfare commissioner to remove these political favorites. His position in turn might thereby become insecure.

With no method of civil service, with no group of local people to defend his course of action, one cannot expect the average citizen to become a martyr to the cause of efficiency. His position demands that he remain friendly with the powers above him. If he is instructed by the proper people to put on another person, he can hardly refuse to do so; nor can

he discharge some one when it is insinuated that he should not do so. So the money that should go for the care and help of the needy is run over the evaporating pans of useless, hopeless duplication.

Under a system whereby the Federal Government foots the bills, it is only natural that each community shall ask for as much as it can possibly get. It does not seem to be local money anyway. It comes from Wall Street or LaSalle Street or some mythical thoroughfare—"if WE don't get it, somebody else will." When there is no vital interest in the source of the revenue, there can be no anxiety in how it is spent. Many families who do not actually need relief or who can be cared for by relatives are placed on the relief lists. With the highly trained social worker now in charge, the preponderance and weight are frequently placed upon the side of social elevation. (Not that there is any criticism of social workers; the great difficulty is to find sufficient trained personnel to administer relief properly.)

In reality, the greatest elevation to morale is a job—a chance to work, to make a living. In some communities little effort is made to find re-employment for those on relief rolls. In some instances, welfare workers actually discourage the recipient from looking for employment. The effect upon the character, the blighting of morale, the shriveling of *esprit de corps* through constant charity is a subject that is so trite that I will not attempt to discuss it.

Many a relief case, however, has been lulled into the tranquillity of dependence upon society for a livelihood. Recently, I passed an old relief case on the street.

"Hello, John," I said, "how are you getting along now?"

"Just fine."

"Oh, you have a position then," I said, "I want to congratulate you."

"Oh, no," said John, "I haven't a job, but I'm getting along fine on the welfare list."

That experience is typical. There is scarcely a community whose chamber of commerce or trade association or civic group has not boasted of the amount of federal relief that has been obtained and spent in its city. Kindly, well-meaning, but uninformed groups of social clubs and civic bodies are constantly asking for higher standards of relief and more subsistence for some one. Some other state is getting a much larger share and why doesn't our Congressman or Senator get more for us? The problem of relief is a constantly growing cancer upon our present social system, or upon any social system, for

(Continued on page 59)

We File 63 Tax Reports

By FRANK A. POOR

Treasurer, Hygrade Sylvania Corporation

THERE has been much talk of rising taxes, of the burden of federal, state, county and municipal taxes; there has been far less talk of the cost to business of reckoning these taxes.

I speak with some definite knowledge of this subject. The Hygrade Sylvania Corporation, of which I am treasurer, has a capitalization of about \$4,500,000. It is not one of the great corporations—not a Steel Corporation or a General Motors, but it has plants in Salem, Mass., in Emporium and Saint Marys, Pa., and at Clifton, N. J. In addition, it has selling agencies in Boston, Chicago, Cleveland, and New York.

The Corporation has to file tax returns in eight states, five counties, and six cities on franchise, income,

TAXES are increasing so that manufacturers now have two worries—one is the actual imposts but the other, almost as serious, is the cost of accounting and clerical work in gathering data and preparing forms

sales, and property, and each of the returns on the same class of tax varies in accord with the ideas of the administrator of the tax.

All this is in addition to the reports to be made and the taxes to be paid to the Federal Government.

In all, my Company has to file each year 63 tax reports!

As a result of the number and complexity of tax reports, corporations

face a mounting overhead not only of actual taxation but of the expenses of preparing the tax returns.

Accounting departments of manufacturing corporations are finding it necessary to set up a department within the department to handle tax accounting. Many corporations, indeed, must maintain two such bureaus—one for tax accounting, and one to solve legal questions growing out of taxation.

Chief among the causes which increase this burden upon business is the tendency to impose sales taxes.

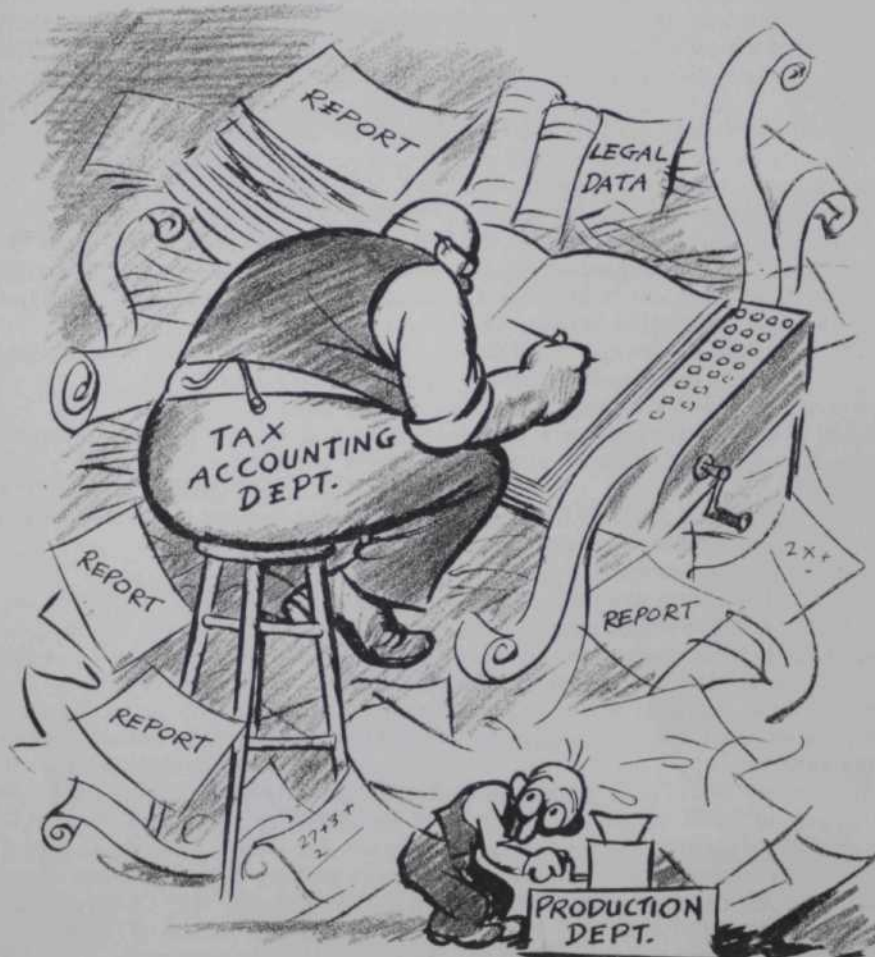
One state after another is beginning to discover in the sales tax a method of collecting extra revenue. Even municipalities are now seizing this opportunity to add to their incomes. At present more than 25 states levy sales taxes on gross income on products sold or services rendered within the state direct to consumers. This tax is now applicable only where the manufacturer or seller has a stock of his product located in the state, but a bill introduced in the last session of Congress may bob up again to allow states to place sales taxes on interstate as well as intrastate sales.

States levying sales taxes require quarterly and in some cases monthly reports. This condition is further aggravated by the possibility that cities within the state may fall in line and place a tax on the sales of a product within the city.

Just to bring the case to the very limits of possibility, suppose every state, and every city in every state, should decide to have a sales tax. The question is, how many separate tax forms would the manufacturer have to make out?

At present it is not only the actual imposts that are alarming the manufacturer, but also the cost of accounting and the clerical work involved in accumulating the data and

(Continued on page 64)



Because of the number and complexity of reports, corporations face a mounting overhead in the expenses of preparing tax returns

Burroughs

SIMPLER *and* FASTER



WRITES CIPHERS AUTOMATICALLY

- There is no cipher key on a Burroughs. All Burroughs Adding Machines write ciphers automatically. Since business figures involve so many ciphers, a large percentage of the work is done on a Burroughs *without touching a key*.

**ELIMINATES
NEEDLESS MOTIONS**

● To subtract, touch the *minus* bar. To add, touch the *plus* bar. To correct a wrong key depression in any column, touch the right key in that column. To take a total, touch the *total* key. It's just that simple, fast and easy.

PERMITS MANY SHORT-CUTS

- Burroughs' keyboard is built for speed. Two or more keys *and the motor bar* can be depressed at one time. This often permits adding or subtracting an entire amount *by a single stroke*.

This new Burroughs is so fast, simple and easy to operate—it offers so many time and money saving advantages—you will surely want to see it demonstrated on your own work. Call the local Burroughs office today, or write direct for illustrated, descriptive folder.

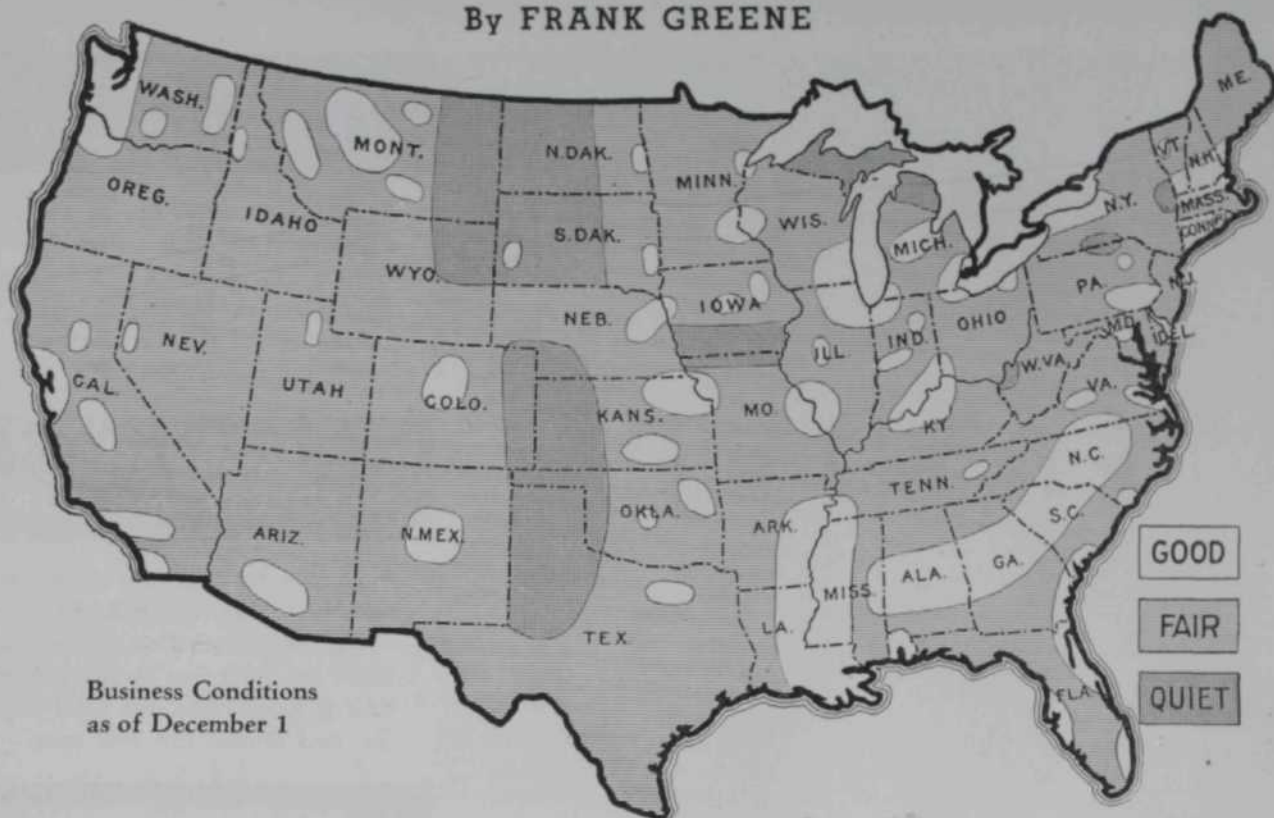
BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

BURROUGHS ADDING MACHINES

ADD • SUBTRACT • MULTIPLY

The Map of the Nation's Business

By FRANK GREENE



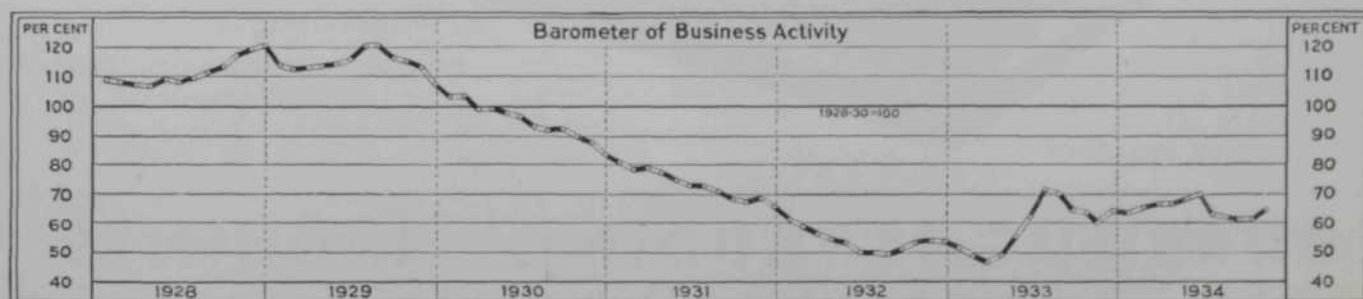
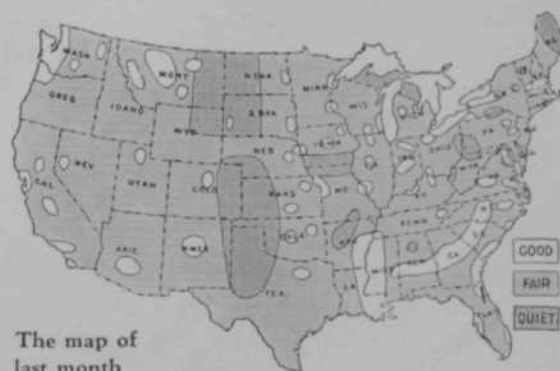
NOVEMBER saw trade and industry go forward despite warm weather. High prices of tobacco spurred spending in southeastern and central states. Wholesale trade under the urge of holiday buying was good. October export trade value was the largest in more than three years.

Drouth effects upon feed crops were factors in a price rise in which corn equalled or exceeded wheat. Engagements of Argentine corn followed earlier buying of oats; low grade wheat came from Canada.

Steel production gained slowly but steadily against seasonal trends; scrap metal advanced and the auto industry expanded. Machinery, tools, plate glass, wool, rayon and electric household articles were in fairly active production. House building and renovation increased. Cotton goods output lagged, prices easing, despite a sharp advance in the staple itself.

Commodity prices strengthened, farm products leading. Dun's Index exceeded four year peaks. Stock market price averages and volume approximated July levels.

Better steel buying and production, higher farm product prices, enlarged building operations and better export trade tend to increased cheerfulness



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

Led by steel production, all components of the Barometer of Business Activity rose in November. The Barometer has made six consecutive weekly advances since mid-October

Reach into the Future



How far ahead can you plan with certainty that money will be available for the needs of your wife and family? How many months or years?

Out of your present earnings or income you can buy a share in a great safety fund—life insurance—built expressly to meet the requirements of your family—a regular monthly allowance—should anything happen to you.

You can arrange not only the size of the allowance but the number of months or years it shall continue. You can reach into the future and control a period of complete financial security for your wife and children, based exactly on your present estimate of their future needs.

You may not be able to do all that you would like to do at the moment. You may be able to do a good deal more later on.

Talk to a Metropolitan Field-Man. He will show you how you can reach farther and farther ahead into the future, planning security

for your wife, education for your children and also a Retirement Income for yourself which in all probability you will want some day.

Send for a Field-Man or mail coupon below.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



Metropolitan Life Insurance Co.
1 Madison Ave., New York, N.Y.

[N]

Without obligation, I would like to have information regarding the policy which will provide future income for wife and family.

Name _____

Address _____

City _____ State _____

METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

©1934 M. L. I. CO.

No Business Can Escape Change

The new year brings new conditions, new needs, new demands—and, of a certainty, new products to meet them

Continuous extraction of oil from soy beans, cottonseed, bone meal, etc., is said to be successfully achieved through recently developed equipment. The new process is said to be more economical than the old batch method. . . .

A new transparent wrapping material, made from rubber, is said to remain moisture proof even when wrinkled or creased, to have greater tear resistance (but lower tensile strength) than cellulose sheet. . . .

Plain, waxed, or coated-paper inner linings for any type of carton are said to be hermetically sealed, without heat, through a new method. A special adhesive is used. . . .

A new metal foil, said to have a more brilliant finish than any hitherto known, is offered for packaging of candy and other products which require maximum display value. . . .

Makers of mouth washes, perfumes, etc., are offered an all-metal atomizer (fitting almost any container) which sprays at a finger touch. Then there's a new all-metal dispenser for lotions, etc., which yields a drop or two to a push. . . .

Beverages are poured in measured portions from another new dispenser, according to the amounts set on its adjustable spout. Uses: restaurant cream dispensing, highball making, etc. . . .

All save the motor parts of a new line of cyclometer, or jump, type electric clock is made of molded plastic material. The line includes desk and wall models. . . .

Room temperature is said to be kept practically constant by a new, electric-clock controlled thermostat which checks temperature trends half-hourly, makes needed adjustments. It also incorporates an automatic week-end shut-off. . . .

A new boiler meter records on a single chart the steam flow from the boiler, air flow supplied for combustion, flue gas temperature. Record is also kept of total steam flow. . . .

Square instead of round, a new automatic electric water heater is but 36 inches high, 21 wide, 22½ deep. It has a porcelain top, usable as a working surface, holds 30 gallons. . . .

A new drain-and-relief valve for domestic water heater tanks has an indicator handle which is set to relieve pressure at any desired point, turns full open to drain, can then be reset. . . .

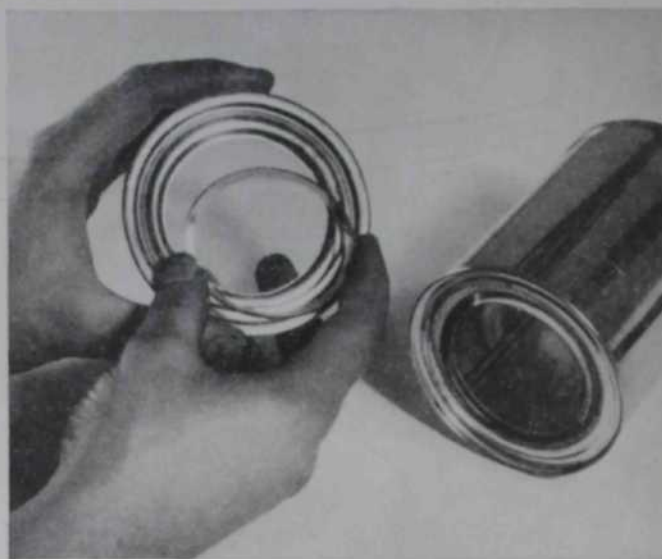
Synthetic rubber is now being made into gloves, aprons, sleeves, etc., offering protection against petroleum products, alkalis, and certain chemicals harmful to ordinary rubber. . . .

For use in evacuating acid fumes, etc., there's a new fan which has all exposed parts lined with soft gum rubber, no open seams or cracks in which corrosion can start. . . .

Flying sparks, hot metal are said not to stick to nor pit a new processed glass, developed for use in welding hoods. . . .

The sheet-copper exterior surfaces of a new roofing and siding material are bonded to asbestos felt layers which, in turn, are applied to a steel core sheet with asphalt. . . .

Circular in shape, a new all-steel, soundproof telephone booth is equipped with sliding door, automatic ventilation and lighting. It can be furnished in a variety of finishes, trims. . . .



Heat-resisting glass is soldered into the top of this new can. The "window" permits purchasers to view the contents, causes no change in the usual canning processes

Metal or wooden barrels are painted at the rate of 100 to 150 an hour by a new automatic machine. Light, simple, it is said to paint them in any combination of colors, stripes. . . .

A new one-piece expansion bolt for holding or attaching anything to hard materials drives into a drilled hole like a nail. Tension resulting from compression of its bowed sides is said to give it tremendous holding power. . . .

A handy new tool, for use in tight places, holds, inserts, or removes screws, washers, nuts, valve pins, etc. Its gripping fingers are actuated by a spring plunger. . . .

Tacking of shipping tags to wooden containers, similar jobs are speeded by a new semi-automatic, magazine-feed tack hammer. It uses a special staple, furnished in clips of 50. . . .

A new out-door gas floodlighting lamp generates 3,000 candle power. It is designed to operate on low pressures (3 inch manufactured gas, 5 inch natural gas). . . .

Continuous high carbonation from city water lines is said to be provided by a compact new automatic soda fountain carbonator. It has no moving parts, requires no electric energy, can be installed close to the fountain cooling unit. . . .

Advertisers are offered a new cardboard reflector sign. Placed in home window or rear auto window, lights from passing or following autos lend its letters an illuminated appearance. . . .

An improved four-color automatic pencil is offered. Colors are instantly changed (with the thumb of the writing hand) while the pencil is in writing position. . . .

Toothbrushes are protected from dust and contact by a new bathroom fixture, a holder which houses four brushes, each in its own ventilated compartment, beneath a small glass dome. . . .

A few drops of a new liquid shaving soap on a wet brush suffices for a lather. Containing no undissolved soap particles, it's said not to clog the razor. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

NO MORE
ENERGY? . .

GET A LIFT
WITH A CAMEL!

● Whatever the job or strenuous task, Camel smokers agree on the delightful "lift" in energy they get from smoking a Camel. Mrs. William LaVarre, famous explorer, who knows the necessity of keeping up her energy reserve, says: "We took 30,000 Camels with us on our last expedition. Any time I'm tired, I just stop and smoke a Camel. It wakes up my energy in no time. Smoking Camels steadily, I find, does not affect one's nerves."

DEEP-SEA DIVER: "I smoke Camels and I have smoked them for years," says Frank Crilley. "They're milder. They taste better... But more important, they never upset my nervous system."

PRO FOOTBALL STAR. "Cliff" Montgomery says: "I like Camel's mellow taste—I am seldom without one! After a game I light up a Camel—get a swell 'lift'—and in a short time I feel 100% again."

**LEAF-TOBACCO
EXPERTS AGREE:**

"Camels are made from finer, More Expensive Tobaccos—Turkish and Domestic—than any other popular brand."



**Share This Refreshing Effect That
has Meant so Much to Others!**

The key to physical stamina, mental alertness, and a cheery outlook is *energy*! Hence the importance of the recent scientific discovery that smoking a Camel actually "turns on your steam." Camel smokers in many walks of life agree upon the benefit and enjoyment they find in Camel's "energizing effect." Read what they say and turn to Camels yourself! Camels are delightfully mild—a truly pleasing cigarette. They never jangle your nerves, no matter how many you smoke!

CIVIL ENGINEER. Captain Eric Loch says: "I always have Camels—rely on them for comfort—good cheer—the 'lift' they give my energy when I'm weary or feeling 'low.' And Camels never jangle my nerves."

CAMEL'S COSTLIER TOBACCOS NEVER GET ON YOUR NERVES!



ne SET A PRECEDENT

• From Los Angeles to New York in just 56 hours and 55 minutes is the record of the six-car all-Aluminum Streamliner train of the Union Pacific System.

Speeds as high as 120 miles an hour were attained; average speed for one 508-mile run was 84 miles per hour; grand average speed was 62 miles per hour, running time.

The less-than-forty-hour run from Los Angeles to Chicago will be standard schedule when this and its sister-trains go into regular service.

This second Union Pacific all-Aluminum train has ushered in a new era in railroad transportation. We take pride in the fact that the advanced design of this Streamliner train was made possible by the use through-

out of the light, strong alloys and special extruded shapes of Alcoa Aluminum.

Aluminum costs less to motivate, less to maintain. Alcoa Aluminum is long-lived, and when its day is done, it brings high scrap value.

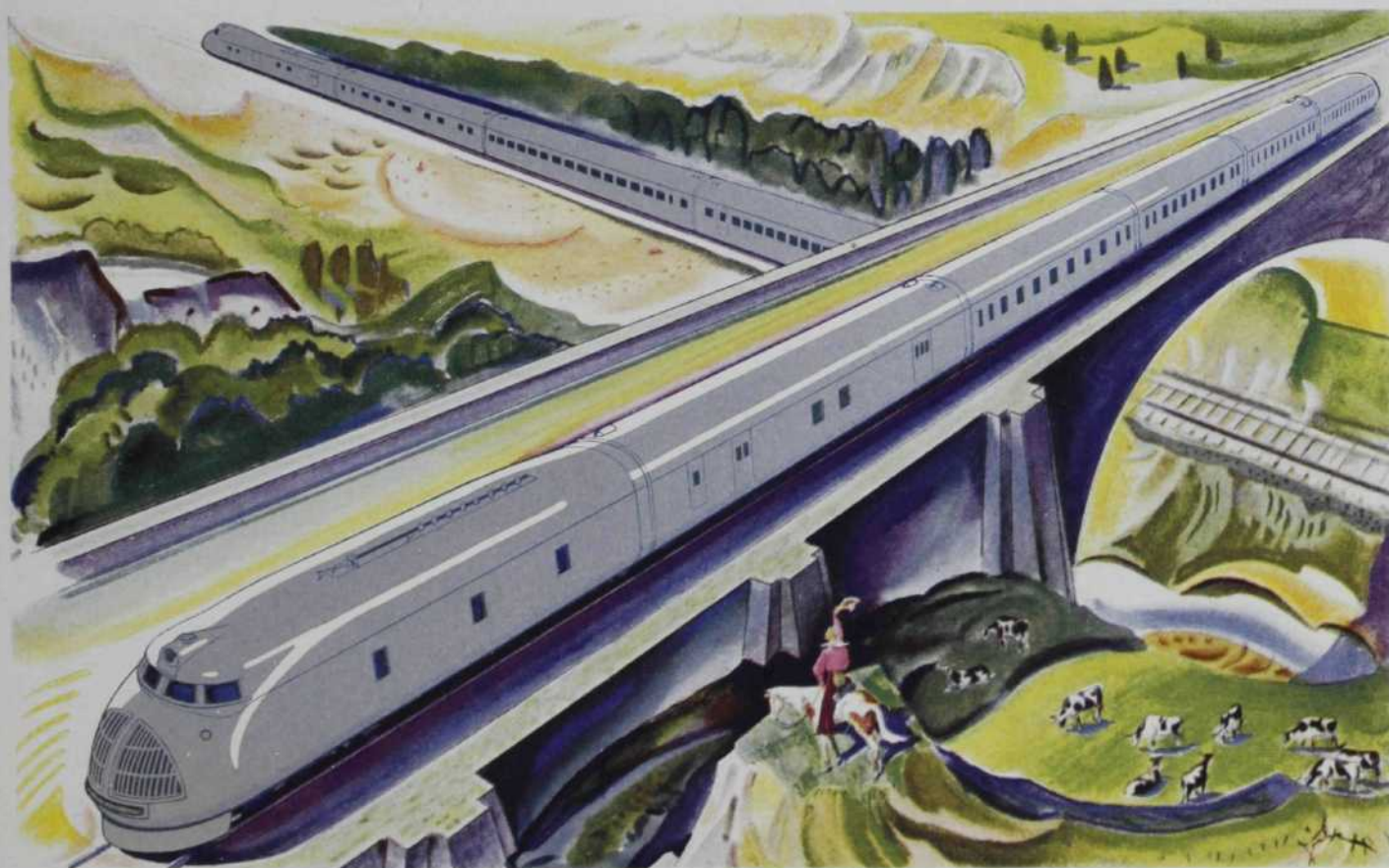
Many men forego the advantages of Alcoa Aluminum in their business largely because it has been a habit of years to think in terms of other, heavy metals. Now is the time to be sharply inquisitive about things in your plant, your equipment, your product, that have seemed obvious to you, heretofore. Our engineers are ready with facts, figures, helpful advice. We would welcome the opportunity of working with you.

ALUMINUM COMPANY OF AMERICA • 1825 Gulf Building • PITTSBURGH



ALCOA

TWO MARKS A TREND



ALUMINUM



Henry Ford promises a million cars in 1935

HARRIS & EWING



R. H. Grant will sell the cars General Motors builds



P. G. Hoffman, Studebaker, first to announce the 1935 line



Byron C. Foy, Chrysler, sponsored the most completely stream-lined car

The Automobile's Future

WHAT'S ahead for the automobile industry?

The railroads are telling us about streamlined, light weight trains made of aluminum or stainless steel alloys. The Pennsylvania, electrifying its line from New York to Washington, sees a three-hour train between those cities. They are selling us air-conditioned travel. What is the automotive industry doing to fight back?

It's a commonplace that the automobile industry pulled us out of depression in 1921 but that we must look to some other, newer industry—perhaps electric refrigeration, perhaps standardized houses—to do the same job in 1935. Why? Has the automobile industry lost its inventiveness, its ingenuity?

"Not so fast, please," said the automotive expert of whom these questions had been asked. "Get out of your head one thing—that our industry looks upon the railroads as rivals and competitors. We don't. The automobile is just one means of transportation. The questions we would like answered are twofold: First, what is the function of transportation in our economic system; and second, what is the place of the railroad, the airplane and the automobile—truck, bus and passenger car—in our transportation system?"

"There's this always to be considered, the automotive industry is primarily a manufacturer and seller of a method of transportation; the railroad is primarily a merchant of transportation. The automotive industry doesn't run engines—it makes them; the railroad doesn't make



UNDERWOOD & UNDERWOOD

E. F. Fisher, H. H. Curtice and W. S. Knudsen (left to right) of General Motors find prospects encouraging



K. T. Keller starts the first train of 1935 Dodges on its way



UNDERWOOD & UNDERWOOD

Roy D. Chapin, Hudson, is a leader in the drive for better roads

as Planned by These Men

engines, it runs them. The more equipment we sell to the railroads for highway or rail use, the better we like it. We're glad to sell them air-conditioning equipment or anything else they want.

"There has been a lot of publicity in the past year about the advances made by the railroads in light weight, high speed, streamlined trains, in air-conditioning, in Diesel engines, in electrification, but don't forget that the railroads have learned a lot from us. The research laboratories of the automotive industry have been working for years to develop the Diesel engines, streamlining, air-conditioning—all those things that are included in the new railroad trains."

That's the way the automobile looks on the railroad. But what is the automobile going to do in its own development?

In the first place it is going to make more cars in 1935 than it has made in any year since 1930. In 1934 it made nearly three million units as compared with two million in 1933. It will make in 1935 an increase of from ten to fifteen per cent and may come close to three and a half million cars. Already foreign sales are showing a steady increase.

Here are some notes from advance reports of the industry's research laboratories:

There will be a further development in spring designing with an increased effort to get the passenger "off the axles," so that he may ride between them with greater comfort.

(Continued on page 63)



A. P. Sloan, Jr., still has faith in future opportunities



UNDERWOOD & UNDERWOOD

B. E. Hutchinson directs the Chrysler finances



R. E. Olds, of Reo, built his first automobile in 1887



Roy H. Faulkner, Auburn, predicts a trend toward quality



UNDERWOOD & UNDERWOOD

Alvan Macauley, of Packard, Walter Chrysler and C. W. Nash leave the White House together after a conference



Robert Graham, Graham-Paige, sees enlarged export sales

One Hundred and Fiftieth Ann 1785 ~ 1935

"... But smooth the road and make easy the way (between East and West), and see what an influx of articles will be poured upon us; how amazingly our exports will be increased... and how amply we shall be compensated..."—George Washington to Governor Harrison of Virginia, 1784.

Engendered by his youthful explorations of the West... matured through many years of practical statesmanship... George Washington's magnificent dream of a transportation system uniting East and West received its first practical impetus in 1785, when the James River Company came into being. He was its first president.

Time marched onward. The canals and roads of the James River Company passed in their entirety to the Richmond and Alleghany Railroad Company. The wheel of progress made another turn and the Richmond and Alleghany Railroad and its properties passed on to the Chesapeake and Ohio Lines.

Today Chesapeake and Ohio stands as an enduring monument to the great dream that was George Washington's. And on this One Hundred and Fiftieth Anniversary, Chesapeake and Ohio pledges itself anew to carry on in the progressive spirit of George Washington, first great expansionist of the United States.

1785



versary



George Washington's Railroad
CHESAPEAKE and OHIO
Lines

Predecessor Company Founded by George Washington in 1785

Is HE the "Guardian" of YOUR Property ?

If your protection against fire and burglary depends on the fallible human element, you are gambling against long odds—trusting CHANCE to "guard" your property, to "safeguard" the continuity of your business. For a time you may break even—but the law of averages is unbeatable . . .

You can't afford to take this gamble and you don't need to. A.D.T. Central Station Protection Services eliminate CHANCE.* Your protective measures are under the constant supervision of an outside agency, in continuous direct-wire contact with emergency forces. Any symptom of trouble is instantly reported to the Central Station—immediately A.D.T. guards, the Police or the Fire Department are on their way, as the emergency demands.

A.D.T. provides the only protection that eliminates human fallibility—that unfailingly guards your property every minute of the day, every day of the year—the only protection that puts all the odds in YOUR favor.

*(During the last five years, A.D.T. protected properties had 99.94/100% immunity from burglary loss, 99.96/100% immunity from fire loss).

A FREE SURVEY OF YOUR PREMISES.

There may be many vulnerable spots in your protective system of which you are unaware. A.D.T. will be glad to make a confidential survey of your present hazards and protection. This will cost you nothing and will not obligate you in any way. Write to A.D.T. 155 Sixth Avenue, New York, and we will arrange for a survey at your convenience.

A. D. T. PROTECTIVE SERVICES

A. D. T. Sprinkler Supervisory Service: Automatically summons Fire Department in case of fire, or dangerous leaks. Electrically detects and reports any impediment to normal functioning of sprinkler system.

A. D. T. "Aero" Automatic Fire Alarm: Automatically detects fire and reports exact location to Fire Department.

A. D. T. Watchman Supervisory Service: Any deviation from watchman's routine instantly and automatically reported to A. D. T. Central Station—in emergency, an armed and bonded A. D. T. patrol immediately investigates.

A. D. T. Burglar Alarm Service: Reports any unlawful entry—an armed and bonded A. D. T. patrol immediately investigates, with police cooperation when necessary.

A. D. T. Holdup Alarm Service: Instantly brings armed assistance in case of attack by bandits, or other emergency.

Controlled Companies of

AMERICAN DISTRICT TELEGRAPH CO.

155 Sixth Avenue • • New York, N. Y.



A NATION-WIDE PROTECTION SERVICE AGAINST FIRE, BURGLARY AND HOLDUP



What You Need to Know About Unemployment Reserves

NOTHING—except how to make a profit—is concerning American business just now as much as unemployment insurance, reserves, whatever the word should be.

President Roosevelt put it to the fore when he told the Conference on Economic Security:

"On some points it is possible to be definite. Unemployment insurance will be in the program. I am still of the opinion that ... this part of insurance should be a cooperative Federal-State undertaking."

What are the outstanding questions as to unemployment reserves? Readers write daily to ask us questions. "How can I find out?" is the burden of their inquiry.

Below we've listed the questions as they come to us and have asked the Department of Manufacture of the Chamber to help us prepare the answers. Have you other questions? **NATION'S BUSINESS** would be glad to help in answering them.—Editor

1· Could any type of unemployment insurance system provide immediate relief for persons now jobless?

No. Before unemployment benefits can be paid, reserves must be accumulated. Hence, unemployment insurance plans would provide protection only to individuals who now have jobs and remain employed throughout the period while reserves are set aside.

The Administration's proposed program of unemployment insurance would apply only to future contingencies. As the President stated in his address at the November, 1934, conference on economic security, people on relief must be returned to employment before they can come under the protection of the insurance system.

2· Would a nation-wide unemployment insurance system eliminate future needs for other relief measures?

No. Unemployment insurance plans are designed to afford limited financial assistance to persons who normally have regular employment. Usually only employees who are laid off or dismissed because of lack of work are eligible for benefits. If prohibitive



expense is to be avoided, the rate of benefits payable to any individual must be considerably less than his normal wages, and the maximum duration of benefit payments must be definitely fixed. For persons who become "unemployable" and for those who remain jobless after their right to benefits expires, other forms of relief would be required.

3· What is the difference between unemployment reserves and unemployment insurance?

In the present usage, these terms

are considered to be synonymous. There is, however, a genuine distinction. In a broad sense, all plans which provide for benefit payments to wage earners who lose their jobs may be characterized either as *unemployment reserve* or *unemployment insurance* plans. Technically, the term *unemployment insurance* has a more limited application. Used accurately, it relates to unemployment compensation plans which are formulated and administered on an actuarial basis, and which involve the pooling of reserves of groups of companies and joint assumption of liabilities for payment of unemployment benefits to the workers of these companies.

Unemployment reserve plans do not necessarily employ insurance procedure and technique. They may limit liability for benefit payments to the amounts regularly contributed to the reserve funds and reserve plans may be designed to cover only the employees of a single company.

4· Does unemployment, in general, constitute an insurable risk?

To be a suitable subject for insurance, a person must actually lose employment. For this reason unemployment insurance cannot be applicable except to persons who regularly have gainful occupations. Moreover, the frequency of the loss and the duration of idleness must be predictable within reasonable limits. Seasonal, cyclical, and technological unemployment is largely or wholly uncontrollable by employers and employees.

Other causes of unemployment, such as labor disputes, intentional idleness, or personal ineptitude, are within the control of individual workers, but for these types of unemployment, insurance is obviously not appropriate. Insurance executives and industrial employers generally agree that the risk of unemployment, viewed as a whole, cannot be underwritten on an insurance basis. Insurance principles might be applied, to a limited extent, to protect regular employees against loss of income resulting from seasonal lay-offs and, to an even more limited degree, against loss occurring because of

cyclical fluctuations or technological developments.

5· Could jobless persons continue indefinitely to receive unemployment benefits?

No. Unemployment insurance or reserve plans in effect or proposed in this country invariably limit duration of benefits. The Wisconsin Unemployment Compensation Act, the only state law yet passed, stipulates that no person shall receive more than ten weeks' benefit payments in one calendar year. In any unemployment insurance system which provided indefinite continuance of benefits, the government would have to share the expense. Should unlimited benefits be payable, the system would no longer constitute unemployment reserves or unemployment insurance. It would be governmental relief on a guaranteed basis in contrast to present governmental relief measures which give the beneficiary no assurance of continuous income.

6· Would unemployment insurance encourage idleness?

Not necessarily. An unemployment insurance system could be formulated in such a way as to minimize any tendency for beneficiaries to remain idle. On the other hand, the provisions for amount and duration of benefits may be made so liberal as to encourage continued unemployment. The principal proposals for unemployment reserves or insurance now under consideration contemplate that the rate of benefits shall be considerably less than each employee's regular earnings, that there shall be a waiting period before any benefits become payable, and that the duration of payments shall be limited. It is also proposed that the public employment offices be utilized to facilitate reemployment of persons receiving benefits. By requiring the beneficiaries to report at reasonable intervals what steps they have taken to obtain work and by suspending payment of benefits if they refuse to accept suitable jobs when offered, it might be possible to minimize any demoralizing results.

7· Can the cost of any proposed unemployment insurance system be determined in advance?

No. Neither the probable amount of future unemployment nor the approximate duration of idleness of the average worker can be estimated accurately. It is possible, however, to limit total cost by fixing in advance maximum rates of contribution to the system and by restricting liabili-

ties for payment of benefits to the total sums paid into the reserve fund. If the reserves became depleted, the amount of benefits payable to any individual would be reduced and when the reserve fund is exhausted all benefit payments would be abandoned.

8· Would unemployment insurance tend to increase or decrease total volume of employment?

The effects on employment would depend somewhat upon the nature of the system. Plans which provide for segregation of the contributions of each company in a single fund to be used exclusively for payment of benefits to its own employees create some incentive for employment regularization. When employment becomes stabilized, the usual result is steadier work for a smaller number of employees. If insurance principles are followed and a pooled fund created, there is less incentive for regularization. Some employers might find it advantageous to employ more workers, since if they were dismissed the benefits would be paid from a common fund.

Regardless of the type of system adopted, there would be some redistribution of available work among either a larger or smaller number of employees. In the long run, the volume of employment is determined by the volume of business. The effects of an unemployment insurance system on employment would depend largely upon the changes in volume of business that the system produced.

9· What would be the effects on total volume of business?

However an unemployment insurance or reserve system may be financed, it will increase labor costs. On the other hand, the net cost of unemployment insurance might be no greater than the cost of other methods for relieving unemployment. Present relief activities must be financed either through borrowing, voluntary contributions by individuals and corporations, or taxation. Ultimately this expense is reflected in higher selling prices. Moreover, the sums accumulated in unemployment reserve funds would eventually be disbursed as benefits and thus be used for consumer purchasing. While current volume of business would be curtailed, future volume might be expanded but not necessarily to the same degree. If reserves are built up only during periods of rising business activity and distributed as benefits in the initial stages of a recession, the result may be to moderate the intensity of the upward and downward swings. If, however,

reserves are set aside when business is declining, the result may be to accelerate the drop in volume of business and employment.

10· What is the present attitude of business toward compulsory unemployment insurance legislation?

Business sentiment has become increasingly favorable toward the principle of creating savings funds to mitigate the effects of involuntary unemployment. Business organizations have, however, opposed enactment of compulsory unemployment insurance legislation until employers have had opportunity to develop suitable plans without legislative interference or control. The Chamber of Commerce of the United States has held that, for satisfactory results, unemployment reserve or insurance plans must be adapted to each enterprise or industry and that, when more satisfactory business conditions afford opportunity to accumulate reserves, there should ultimately be extensive future coverage of industrial and commercial employees. Some employers hold that advantageous results from unemployment reserves depend largely upon the general adoption of suitable plans throughout all fields of business. Hence, they advocate immediate co-operation of business with legislators in developing sound and constructive measures for the prevention and relief of future unemployment.

11· What is the present public attitude?

Public thinking on the subject has been beclouded by uncertainty concerning the effectiveness of unemployment insurance as a means of coping with present unemployment conditions. The need for more systematic and economical methods of unemployment relief is generally recognized. The fact that unemployment insurance is not applicable to the immediate situation is not fully understood.

The diversity of views was reflected in a recent survey. The National Industrial Conference Board requested the editors of newspapers and farm journals to indicate their own judgment of public sentiment in their communities on economic and social problems. Only 39.5 per cent of the editors responding reported that public opinion in their communities favored a compulsory government system of unemployment insurance. In terms of circulation of the papers represented by the replies to this question, 53.2 per cent favored compulsory unemployment insurance.

NOTE: Among the proponents of com-

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pulsory legislation and among those employers who may doubt its ultimate value, but who believe that some legislation is inevitable, there are numerous points of disagreement over particular provisions of proposed legislative measures. The answers to the succeeding questions reflect the diversified points of view.

12· In any unemployment insurance legislation that may be enacted, what should be the division of responsibility between the Federal Government and the states?

Constitutional limitations on the power of the Federal Government would, it is generally believed, preclude the possibility of creating a nation-wide unemployment reserve or insurance system without state legislation. The principal proposals for federal legislation are designed to encourage the enactment of state laws.

There is an obvious need for continued experimentation in developing the most practicable methods for unemployment relief. For this reason, it is held, every state should be free from federal interference while it is developing measures appropriate for its own unemployment conditions. Moreover, the task of administering a federal unemployment insurance system would be complex. It would mean the creation of a vast bureaucracy, ill-equipped to cope with situations requiring intimate knowledge of the circumstances of the jobless individuals in every community.

On the other hand, uniformity of state legislation, some contend, would be necessary to prevent competitive disadvantages resulting from unequal financial burdens being placed upon the employers of different states. Proponents of some form of federal participation argue that flexibility in detailed provisions of unemployment insurance measures could be retained within the various states, but major competitive handicaps could be avoided if the Federal Government should undertake indirectly to force the adoption of state laws either through tax penalties or through direct subsidies. An alternative which has been seriously considered is the development of unemployment reserve plans for each industry, adoption of which might be made mandatory through NRA codes.

13· Should any portion of the cost of unemployment insurance be met from public funds?

Unemployment, some contend, is primarily a social problem, largely beyond the control of employers or employees. Contributions from public funds for the maintenance of unemployment relief systems are, those holding this view contend, not only desirable, but imperative. To make

each enterprise or industry provide financial relief for all persons displaced from their jobs because of lack of work would involve such excessive increases in costs and selling prices as to reduce volume and create new unemployment. In industries which are subject to severe and uncontrollable fluctuations, public funds would be needed for relief whether or not unemployment insurance or reserve plans were maintained.

Other students declare that government participation in the financing of unemployment reserve or insurance plans would jeopardize the solvency of the system and lead to political abuses. Government support, they say, would inevitably give rise to demands for constant liberalization of the scale of benefits and duration of payments; for extension of the system beyond its legitimate purposes and for progressively greater public appropriations. The ultimate result, they argue, would be the creation of a vast dole system.

14· Should employee contributions be required?

Upon this point also opinions differ. Some feel that it is logical to require the beneficiaries of unemployment insurance to defray at least a portion of its cost. Moreover, employee contributions would make possible more nearly adequate benefit payments and prevent the expense to employers from becoming prohibitive. They also contend that employee participation in financing would mean more efficient administration because employees would help prevent fraudulent claims and abuses.

Some employers and labor organizations, however, object to employee contributions on the grounds that, since unemployment benefits could not possibly equal previous earnings, those who lose their jobs would continue to bear the major financial loss. Hence there would be little justification, it is argued, for compulsory contributions by employees, and especially by those whose regular earnings may be so low as to make difficult the maintenance of wholesome living standards.

15· By what agencies should unemployment insurance systems be administered?

Legislation can be formulated so as to permit independent development and administration of unemployment reserve plans by each enterprise or optional development and maintenance of pooled plans by voluntary action of groups of employers, subject only to reasonable statutory regulations. Many employees regard

legislation of this type as presenting the least objectionable possibilities. The point is frequently made that business men, having advocated ultimate development of suitable voluntary unemployment reserve plans, cannot consistently oppose the enactment of all forms of compulsory legislation on the grounds that any kind of unemployment reserve or insurance system would be uneconomic or impracticable. Some employers feel that the only legitimate reason for legislation would be to require all enterprises to meet minimum standards for providing protection to their employees. Others feel that governmental supervision of all plans is necessary.

16· In the process of investment and liquidation of unemployment reserve funds, could demoralizing effects upon security prices and on governmental and private financial operations be avoided?

There are potential hazards to any method of investment of the sums contributed to unemployment reserve funds. In times of prosperity when current income would tend to surpass current disbursements, the large sums accumulated in unemployment reserve funds would have to be invested. In depression large liquidations would become necessary. These transactions might be inflationary during boom periods and deflationary during periods of depression when exactly the contrary result should be sought. One proposal for avoiding these difficulties would require amendment of the Federal Reserve Act to authorize the deposit of unemployment reserve funds in the Federal Reserve banks. Prof. S. H. Slichter of Harvard describes this method:

In times of boom, when the premium receipts exceeded the benefit payments, checks would be drawn upon the commercial banks by employers making their payments, and would be deposited by the trustees of the reserve funds in the Federal Reserve banks. So there would be a transfer of money from the commercial banks to the Reserve banks, reducing the reserves of the commercial banks, and tightening the money market at the particular time when the money market is too easy.

You would have a real transfer of purchasing power from booms to depressions. You would have a real transfer to meet the needs of a depression. If the investments were simply in bonds, that transfer probably would not occur. You would simply have, not a transfer in point of time, but merely a transfer from some persons to others.

The buyer of the bond liquidated by the trustees of the unemployment reserve fund would have less purchasing power, and the unemployed man would have more. There would be a better distribution of purchasing power, perhaps, but no increase.

He Found a Key Word to Sales

By PAUL H. HAYWARD

Of the Staff of NATION'S BUSINESS

THE THING started at a business convention, a convention typical of many that have been held in the past year or so. Discussions of the industry's code, workings of the New Deal, and political and economic barriers to business revival held the center of the stage. All the problems of the food brokerage business—it happened to be a meeting of food brokers—were paraded up and down. Bright schemes were advanced for solving some; heads were shaken over others.

One food manufacturer sat through several days of these discussions. He heard his own brokers discussing their sales difficulties. He listened, and as he listened he began to wonder. He began to wonder if the boys, in discussing the low state of business and all the plans for reviving it, weren't missing something that was pretty fundamental. His thoughts ran back to the dinky little business where he himself had started to work years before. He remembered the up-hill pull he had had. He recalled that, after all, such success as was his had been based on a simple, one-word formula.

"Why isn't that formula still good?" he asked himself. "These fancy drives and intricate sales schemes they're discussing may be all right. Maybe 'the new selling' they're talking about has out-moded that old formula. But I've a hunch that it hasn't."

A hunch? Look at this chap and you know he's one that plays his hunches. He decided to play this one.

"They'll all say I'm crazy," he thought, "but I've got an idea which may show that that old sales formula still works."



At two sharp Charlie Pierson unwrapped the bedsheet screening the mass display

LONG AGO it was said that faith apart from works is barren. This is the story of how a Birmingham storekeeper discovered for himself how fruitful faith and works can be when they are linked together

He wasted no time. He thought back again to that dinky little establishment of his youth.

"I'll find a dinkier one than that, even, and try this idea out," he decided. "I'll try this idea in as dinky a store as I can find. If it will work there, it will work anywhere."

He buttonholed one of his southern representatives, Harvey McCain of Birmingham.

"I want you to find the poorest store you can possibly locate," he told McCain. "I want you to find a regular 'hole-in-the-wall,' only big enough to hold three or four shoppers at a time. I want it to be on a poor back street. I want a dingy store in a dingy neigh-

borhood. I want it to have a poor stock, poorly kept. I've got an idea, and I want to try it out in that store. I'll need your help, if you're willing to be as crazy as you'll think I am. Here's the idea——"

McCain listened. As he listened he began to grin. The manufacturer knew his man.

"Okay, boss," he finally said. "I'm with you. I'll find the store."

At his home office in Chicago a few days later the manufacturer got a wire from Birmingham.

"Found store here," the message said. "Could not want better—or worse—one."

A poorly kept store

NEXT day the mail brought a snapshot of a dingy and disreputable looking storefront and such details concerning the store itself as discreet inquiries had revealed.

Now it happens that the manufacturer—his name is Arnold Opler of E. & A. Opler, Inc.—makes cocoa. Not that the particular product matters. It might just as well be nails, or soap, or sealing wax. Mr. Opler took the material that had come to him from Birmingham and wrote some letters to his brokers. The letters described the Birmingham "hole-in-the-wall" and they wound up with a question:

"Just suppose," ran the letter, in effect, "we put one of our mass displays of cocoa in a store like this. Suppose the 300 two-pound cans of cocoa in that display are marked at the regular price of 25 cents a can. Suppose that they are to be sold at that price without window displays, newspaper advertising, handbills, circu-

lars or other formal selling aids. How long do you think it would take that storekeeper to sell those 300 cans?"

Those who have had retail sales experience may at this point take time out to figure their own answers to that question. The brokers did some figuring. One said, "Ten years." Another said four. "The Lord only knows," piously answered a third.

Mr. Opler did some figuring and arrived at his own answer. He wrote his brokers about it. He wrote them something like this:

"Those 300 cans of cocoa will be sold in the store I described to you, not in four years nor yet in ten, but inside four hours. And they'll be sold by this storekeeper without a special sales price and without any fancy selling schemes. I'll give you the exact results when it is done."

You will judge from this that Mr. Opler is a man of some assurance. He is. At that writing the Birmingham storekeeper whose cocoa-selling ability was rousing all this speculation had not yet been consulted in the matter. The job now was to sell that storekeeper (1) the idea that he ought to do more business in his store, (2) that he was capable of doing more business, (3) that he could sell cocoa and make some money at it, (4) that he could sell as much as 300 cans of cocoa inside four hours.

That job fell to McCain. He put it over. One morning in late September he walked down through Twelfth Court North in Birmingham. He dropped in at the "hole-in-the-wall"

store. He knew the storekeeper's name — Charlie Pierson — but the storekeeper didn't know him. Anyway, the storekeeper wasn't in. His small daughter was tending store. Dad was over home, sitting on the porch. She'd call him if the gentleman wished. Presently storekeeper Pierson sauntered in.

Talking up cocoa sales

McCain opened with politics, went to business conditions, thence to Charlie Pierson's business condition, thence to Charlie Pierson's merchandise, finally to cocoa.

"Oh, yes," said Charlie. "We use that cocoa at home. Fact is, we use more of it at home than I sell here in the store. But I don't sell much here. Guess maybe I'm not much of a business man."

"Well, I suppose you know a lot of people around here," McCain led on. "I mean friends and people you know

to talk to, besides your customers."

"Oh, sure. Guess I must know maybe a thousand people around here to talk to."

"And would you really like to make some money and do more business in your store here?" pressed McCain.

"Well, I could use some money and — why sure I'd like to do more business."

"I can get you started," declared McCain. "I can get you started right away doing more business and, of course, making more money. And you'll prove to yourself and your friends that you can make good. Come over to my hotel with me and I'll show you how."

They went over to the hotel. McCain had one of these mass displays of cocoa already set up in his room. Three hundred cans of it.

"That's a lot of cocoa you got there," exclaimed Charlie Pierson. "But it does make a good display."

"The profit it will bring you makes



BOYETT

A crowd of cash customers was gathering in Charlie Pierson's two-by-four store



The mail brought from Birmingham a snapshot of a dingy-looking store-front

a pretty good display, too," said McCain, hitting his stride. "Tell me, how long would it take you to sell those 300 cans?"

"A year or two," Charlie Pierson answered promptly, "and besides, if you think you're going to stock me with one of those displays, I haven't the cash to put one in—even if I wanted one."

"If you could get the cash and sell that cocoa do you know how much profit you'd make?"

"Well, I have a sort of an idea."

"Man, you'd make *nineteen dollars*. Now I'm going to tell you how you can sell out that whole mass display of 300 cans of cocoa in *less than four hours*, if you're willing to do only one thing."

Putting work into selling

MCCAIN had Charlie Pierson's interest now.

"Spill it," said Charlie. "What's the one thing I've got to do?"

"Work," said McCain.

"Work? Say, I'd work my fool head off to turn \$19 in a few hours."

"Work," McCain drove on. "And remember that you're not only making money on this particular deal but that you're getting started as a real, live merchant, that you're making something worth while out of both your store and yourself."

"When do I start?" broke in Charlie Pierson.

"Right away. First let's set the day when you're going to sell this cocoa. How about next Saturday?"

"Good as any."

"Saturday it is," said McCain. "Now between today and, say, 2:00 p.m. Saturday, you work, and I mean *work*. You go to everyone you know and you *sell* cocoa. Sell it to everyone you meet. Tell people that you're going to sell 300 cans of it between two and six Saturday afternoon. Do what I'm telling you and you won't need any circulars, or newspapers or anything else. This is something that means everything to you. You want them to be there and buy. You want them to buy not only because it will help you, but because it's good cocoa that will help them and their children if they buy it and drink it."

"Check," said Charlie Pierson. "I get the idea."

Then his face fell. That word "check" was an unhappy reminder.

"But look here. How am I going to pay for that cocoa to get it into my store? Can you get me credit?"

"I can't," said McCain. "Getting the cash to pay for that cocoa will be part of your work. It's part of the responsibility you're going to take on to put this thing over."

"Well," said Charlie Pierson, "I

know the cashier at a bank over my way. I don't have an account there, but I'll tackle him anyway. I'm going to get that cash to buy that cocoa."

"That's the spirit," said McCain. "Now get busy—and keep me advised on how you're getting along between now and Saturday."

Charlie Pierson got busy.

He started ringing door bells, stopping acquaintances on the street. He spread the news. He looked them straight in the eye and told them what he was going to do.

"Next Saturday between two and six I am conducting the largest sale of cocoa ever held in this town. I'm going to sell 300 two-pound cans of cocoa in those four hours. I want you to come to my store and buy one of those cans for 25 cents. It is good cocoa and you and your family will enjoy it. Besides it's going to help me become a better merchant. Bring your sister or your mother or a friend with you. Please be there between two and six."

A number of Charlie Pierson's acquaintances and customers said they'd be there. He wrote down their names.

Then he went to the bank. He saw the cashier and laid his cards on the table.

The cashier took him to the president. Charlie Pierson told the president what he was going to do.

"I am going to sell for cash and I'm going to make a profit of \$19," he told the banker. "I know I'm going to sell those 300 cans because I'm doing the work necessary to make this sale a success. Here's a list of people who have promised to come and buy. Phone any one or all of them and check up, if you like. Now I want to borrow \$50. I will take that \$50 and hand it to the Dixie Coffee Company and they'll give me the 300 cans of cocoa I'm going to sell on Saturday. Have a representative at the store Saturday afternoon, if you like, and he can take in the first \$50 himself and he'll have it all in less than four hours."

"Hm-m-m," said the president.

Lending to a bum risk

"I KNOW I'm a bum risk," Charlie Pierson plunged on. "And my store hasn't done much in the past. But I'm out to do something now, and I'm bound to do it. I want to borrow \$50 from you. If you don't lend it to me it's going to delay me some, but it won't stop me. You'll get a quick turn on your money—and besides you'll have the satisfaction of helping me become a better merchant."

Now people like to help those who are trying to help themselves. That's what made "working my way through

college" such a good gag for house-to-house canvassers. And, all recent jokes to the contrary, bankers are still people.

This banker hm-m-m-d again.

"It's probably not good banking," he said finally, "but I like the way you're tackling this thing and I'm going to let you have \$50. But only until Saturday, mind you. I'm coming over there myself Saturday afternoon to collect."

"Fine," exulted Charlie Pierson, "and while you're there I want you to buy a can or two of the finest cocoa you or your family ever tasted. And I'd like to have your stenographer come over, too. In fact, I want everyone in the bank to come over. Saturday afternoon between two and six."

Charlie Pierson took the \$50 to his wholesaler. As he reported the interview to McCain next day:

A surprise for the wholesaler

"WHEN I ordered 300 cans of cocoa from him he looked at me like I was crazy. You see, he knows the kind of store I have. But when I pulled out the money, he was glad enough to sell me. Then I told him what I was doing and asked him to come around Saturday and watch the fun. 'You bet I will,' he said, 'and if you can put this over you can do anything!' Believe me, that made me more set than ever on putting this thing across. But that's all I got time to tell you now; I've got to keep working."

"Okay," said McCain. "Don't let me keep you from your work. But you're not passing out handbills or offering cut prices or anything of the sort?"

"No, sir!" vowed Charlie Pierson. "You said I could put this over by doing nothing else but work, work, work. That's what I'm doing. So long. I've got work to do. See you Saturday!"

Saturday came—Saturday, September 29. At two sharp Charlie Pierson unwrapped the bed sheet with which he had screened the mass display of cocoa. A crowd of cash customers was gathering. Charlie Pierson started selling cocoa. The crowd kept coming. Barefoot children, quarters clutched in hands. A city official. Housewives—actually running to get that cocoa at 25 cents when they could have bought two-pound cans of another good brand at a neighboring chain store for 19.

Charlie Pierson's small daughter was busy handing out the cocoa and Charlie Pierson was busy making change.

McCain was there, too. But for the first hour he had no chance to get into Charlie Pierson's two-by-four store. Too many cash customers. He watched

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the dwindling stock of cocoa cans from the outside. At about 5:06 p.m. he dashed in. He wanted to buy Charlie Pierson's last can of cocoa.

"Too late," said Charlie Pierson. "It goes to this customer whom I called on the other day. But say, is it six o'clock yet?"

"It's just seven after five," McCain told him. "You've turned the trick in exactly three hours and seven minutes."

Charlie Pierson beamed and paused to bandage a finger he had snagged during the rush.

The wholesale grocer who had come down to see the fun beamed. "I'd sworn it couldn't be done," he told Charlie Pierson. "It just goes to show what hard work will do."

And Arnold Opler, who had come down from Chicago to judge the present-day worth of his ancient, one-word success formula—which was simply *work*—was exultant. He had had a hunch and played it. His brokers—that bunch of bad-guessers—heard from him shortly. They heard from him to the effect that if one of the "poorest" storekeepers in the country could sell more than three pounds of cocoa a minute for three hours, there must still be a chance for some of the "better" storekeepers to make some sales and to make some money—if they'd only *work*. That

went, he said, not only for sellers of cocoa. It went for sellers of nails, or soap, or sealing wax. It didn't matter. What really mattered was their willingness to *work*, to show some individual enterprise, to dig in and dig up business.

The lesson carries on

THIS story started at a business convention. Its start can be indicated precisely. But not its end. The story is still going on for Charlie Pierson. This telling of it may carry it still further. Other men may choose to make the story go on for them, too. How Charlie Pierson is writing his own continuation of the yarn is indicated in a letter I had from Harvey McCain in November.

"I have called on Charlie Pierson several times since September 29, the day he sold that cocoa," wrote Harvey McCain. "I've found that store of his shining like a new toy and as clean as can be. His enthusiasm is refreshing and his confidence is carrying him right along. His business has increased greatly and he declares he will increase it at least 100 per cent in 1935.

"Mr. Pierson," McCain closed—and please note the Mister—"says that his ambition is to become the largest retail grocer in Alabama."

A New Way to Get Factories

TO FIGHT the depression and at the same time help their town, the Association of Commerce and leading business units of Elmira, N. Y., have formed a non-profit organization, Elmira Industries, Inc.

Once before, just after the panic of 1907, Elmira undertook a campaign to raise a fund to be used to foster worthy industries and increase industrial employment. At the time, \$175,000 was pledged to become payable in installments over a period of five years. Only 70 per cent was called.

This fund, together with the natural advantages of Elmira, was used to induce the Kennedy Valve Manufacturing Company to build a fine plant in Elmira and later to take over an existing plant in the city. Aid was given to the centralization of plants which went to form what is now the American LaFrance & Foamite Corporation. Other struggling new organizations were also helped.

The recent trying years brought the problems of Elmira's industrial future directly before its citizens. Elmira became industrial-minded, thought of what had been started

some 20 years before, and determined to reestablish herself industrially. The Association of Commerce interested a group of public spirited citizens in making an industrial survey which showed that Elmira had many advantages as a location for industry. Yet one large plant was idle through no fault of its employees or its local management. Many people who wanted jobs could not get them. Taxes were increased to take care of the unemployed.

It was determined that any successful plan must look into the future and that subscriptions to any fund could not await the finding of specific industry. A permanent organization must be created.

The first step was a campaign which strengthened the membership of the Association of Commerce. This campaign was used as a means of arousing interest in an industrial fund to be raised later.

To meet the wishes of those most deeply interested in the movement, to take advantage of the New York State laws as to contributions by corporations, to obviate many tax bur-

dens and tax problems, and still to provide the adequate machinery to operate such a fund over a period of years, with a right to call on subscriptions as needed, Elmira Industries, Inc., was incorporated under the membership corporations law of New York. Joseph W. Buck, Harry Moseson, William Flannery and Halsey Sayles, who gave of their time and ability in forming the corporation, and Francis N. Mullen, C. P. A., a tax expert, took care to see that the purposes of the corporation were definitely within those laid down in decided cases as exempting the corporation from taxation, and gave the corporate subscribers engaged in business the right to treat payments to Elmira Industries, Inc., as a deductible business expense.

The purposes as given in the by-laws are: "to promote and assist the industrial developments of the City of Elmira and the territories immediately adjacent thereto in the County of Chemung by aiding financially or otherwise any industry or industries to locate therein or any industry or industries already existing and operating in such territory."

The members have no claim on their contributions or the earnings of loans made by Elmira Industries, Inc., except in dissolution of the corporation. The only advantage they derive is through the increased earnings of their own businesses.

Subscriptions are made in units of \$100 of which ten per cent is payable at the time of subscription and the balance subject to call with the provision that not more than 20 per cent is callable in any one year.

It is hoped that the money raised may continue as a revolving fund. Officers draw no salaries; all expenses in the conduct of the business are being borne by the Association of Commerce.

Mr. S. G. H. Turner, chairman of the First National Bank and Trust Company, has been elected president of Elmira Industries, Inc. Mr. Turner is entitled to outstanding credit for the remarkable piece of work that he has done. The board of directors of his bank have agreed to let Mr. Turner devote any or all of his time to this important work for the next few years if necessary.

In times like the present, many new, small industrial organizations are created to develop new products or to produce old ones under new conditions. It is a time of many problems, and the new company, unless backed by large cash resources, faces at the best a problematical future. Though it has an excellent product, it often goes under through lack of perhaps a few thousand dollars.

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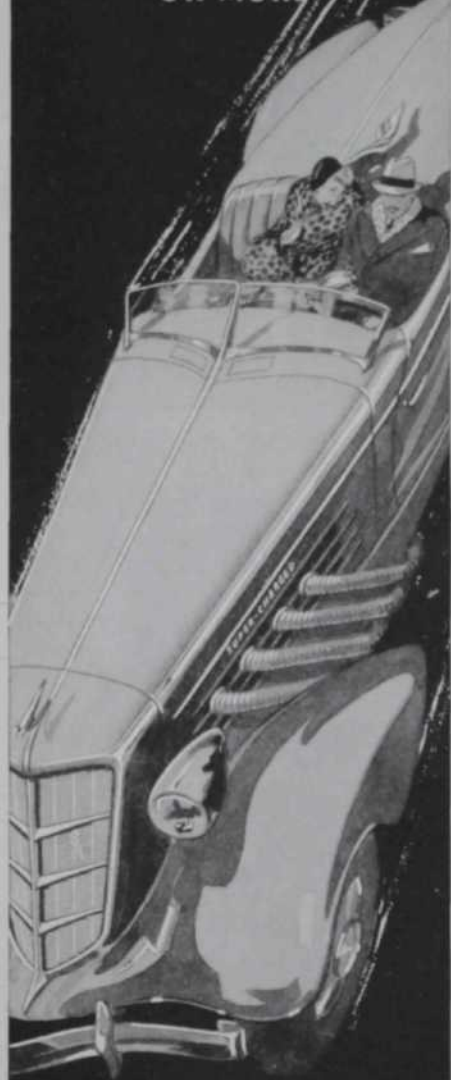


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HARTFORD ACCIDENT and INDEMNITY COMPANY
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AUBURN
Super-Charged
Speedster
CERTIFIED
100
MILES PER HOUR
OR MORE



Auburn again leads the way to more gracious living, with a New 150 H. P. Super-Charged Speedster. Other models also Super-Charger equipped.

AUBURN AUTOMOBILE CO.
AUBURN, INDIANA
Division of Cord Corporation

Elmira is most keenly interested. Granted that only one new industrial organization in ten, given the necessary money, will survive, the success or failure of the plan seems to be largely in the shrewdness of selection of those men who are chosen to investigate the merits of the companies

under consideration. These men represent the cream of business and professional life in Elmira. Since the inception of the fund, Elmira boasts of five new industries which, although small now, have large possibilities. —OSCAR MONRAD, Secretary, Elmira, N. Y., Association of Commerce.

Our National Wealth and Income

WE HAVE in the past commented on the widely circulated fallacy that four per cent of the people of the United States own 90 per cent of the wealth and a similar statement credited to a high government official that two per cent own 80 per cent of the wealth.

The *Index*, publication of the New York Trust Company, takes time to investigate and says:

In the first place, no accurate estimate of how national wealth is divided can possibly be made, but when it is realized that property in the form of household and personal possessions is owned by virtually every person in the United States; that four out of every five families own an automobile, two out of every three have telephones and electricity, and two out of five radios; that 47 per cent of these families own their homes, and that all but the smallest minority have savings in some form.

The census reports for 1930 indicate that there are 10,500,000 owned non-farm homes in the United States, with a median value of \$4,778, while 3,568,000 of the nation's farms, with an average value of \$8,200, were operated by owners. Moreover, the accumulated savings of the American people, which, in 1933, represented an aggregate total of more than \$50,000,000,000, were widely distributed throughout the country. Some 55,000,000 policies were reported by life insurance companies, almost 40,000,000 savings accounts were held by the country's banks, and 10,000,000 accounts were reported by building and loan associations. Despite the inevitable duplication in these figures, it is clear that a vast majority of the people in the United States hold, in the form of homes and savings alone, a very substantial stake in the total wealth of the country.

Although the distribution of wealth cannot be estimated accurately, there are fairly comprehensive figures on the distribution of income. The *Index* gives the general division of income groups: "labor or employees' income, comprising both wages and salary; the income of entrepreneurs, that is, farmers, merchants, professional individuals and firms, and other business men operating on a non-corporate basis; and the income of property owners and investors."

It must be remembered, of course, that the income of the employee group is supplemented by rents, interest, dividends, or such, from any property they may own. Statistical

tables consider this type of income as going to a separate group of investors and property holders, although the group, as distinguished from employees and entrepreneurs, is practically non-existent. Not only do these statistical classifications overlap in actuality, but also an individual tends to move from the employee group as he grows older and accumulates property.

As to the trend in the division of income, the *Index* says:

In the broad divisions of different types of income recipients, the proportion of produced income paid out in wages and salaries showed an almost steady increase whereas the share of individual entrepreneurs showed a percentage decline, and the share of the total paid out in the form of rents, royalties, interest and dividends showed little change.

The *Index* quotes a table from "America's Capacity to Consume" showing the distribution of income from 1909 to 1929. During the first three years, the income of employees averaged 55.7 per cent of total income of which wage earners received 38.6. During the same three years, the share of investors and property holders and business savings combined averaged 19.1. During the last three years, employees received 64.4 per cent, of which wage earners got 41.1, and investors and property holders combined with business savings received 16.9 per cent.

In the distribution of income "the depression has served to change very little the share of labor as a whole, although salary earners have fared better than wage earners."

The *Index* says further:

If the business losses of the past few years, that is, the amounts drawn from accumulated reserves to maintain payments of all sorts, are subtracted from the sum of entrepreneurial and investment income, then labor's share of the national income, as contrasted with the "net" share of all other income recipients, was far greater in 1932 than in 1929.

This point is brought out by estimating labor's proportion of the national income on the basis of income produced rather than paid out. For instance, while, in 1929, labor received 63.6 per cent of total income produced, its share had, by 1932, risen to 82.5 per cent.

Saving Expensive Minutes

By MORGAN FARRELL

CALLING attention to a business which has increased its income from \$200,000 in 1929 to an expected \$4,000,000 this year and a few of the reasons why it has been able to establish this record of achievement in the face of "our worst depression"

JUST 20 years ago the first air express shipment was flown from St. Petersburg to Tampa, Fla., in 23 minutes. The plane load consisted of hams and the Mayor of St. Petersburg. He had bid \$400 for his seat. The hams rode free.

Fifteen years later, in 1929, the total air express business had barely reached \$200,000, yet the present year's income from the same source is expected to approach \$4,000,000 despite the setback due to the reorganization of the airlines. There must be a sound reason for this sudden phenomenal growth—and it is phenomenal. Witness the classified airline revenues of 1933: \$24,000,000 from passenger traffic, \$11,000,000 from air mail, \$2,500,000 from air express.

Rates have been reduced

ACTUALLY the express volume is growing more rapidly than the dollar figures indicate, because the rates per pound have been steadily reduced. From the primitive charge of five dollars per hundredweight for 50 miles, the rates have tobogganed to the present base of four cents per pound per hundred miles.

The airlines themselves are taking their express business very seriously indeed. Capt. Eddie Rickenbacker, Vice-President of the Transcontinental and Western Airways, the General Motors subsidiary, tells the writer:



GENERAL AIR EXPRESS PHOTO

Not only emergency shipments but every-day commodities which need to get there in a hurry travel by air express today

"That's where our future lies."

Why should this be? Speedy delivery—of course, but can there be an adequate volume of commodities in such a hurry to get there, that they must cross the continent overnight? It appears that there is such volume and the story of its growth is an account of a business revolution.

In its early days, air express was regarded as a miraculous means of delivering articles which had missed the last train or which were desperately needed somewhere. It is still in demand for such emergency deliveries but it has gone far beyond that, as a business service. Here, for example, is an emergency case:

Saving three weeks' time

LAST July there was an electrical breakdown in the Standard Oil refinery on the Island of Aruba, off the north coast of South America. The oil pumping system was crippled, causing an operating loss of some \$3,000 a day. Rail and steamer delivery of

stator coils for the burned-out motors would take a month. Enter the air express.

It was Saturday morning but a long distance call to the General Electric at Schenectady started a three-shift gang of 60 men at work on the new parts.

Thursday morning saw 16 cases, weighing 800 pounds, loaded on a chartered plane and flown to Newark. There they caught the regular Eastern Air Liner for Miami, where Pan-American Airways had a special plane waiting to take them to Aruba. By Saturday morning, one week after the breakdown, the plant was operating again. Figure the saving.

It is in the regular course of business in certain lines, however, that the air express has opened up time and money-saving methods approaching the revolutionary.

The film magnates of Los Angeles were the first to recognize its possibilities. Films earn nothing while they are travelling. Some of them, such as newsreels must be shown



(wish that outfit would use
BLACK & WHITE PRINTS)

Manufacturers who submit BLACK AND WHITE Prints to their customers instead of hard-to-read blue prints have an "edge" on competition—and find selling from prints far easier. This has been proved time and again by actual experience. And now—thanks to the BW Process—you can make BLACK AND WHITE Prints even faster than you make blue prints.

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Blue Print



PART NO. 2
BW Print

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quickly or lose their appeal. So newsreels now travel by air, together with the bulk of the feature pictures. Two and one-half tons of film are shipped to Chicago alone every week.

Banks, especially Federal Reserve Banks, discovered some time ago that checks in transit to Clearing Houses kept right on drawing interest during their trip. These are now shipped almost wholly by air express. The saving in interest is estimated at \$4,092 a year per million dollars shipped. The total, plainly, would run into millions.

As most people are not in the film or banking industry, let us look at some of the new ways in which business in general has profitably availed itself of this medium of shipment. As everybody knows, the cotton mills have been migrating southward for some time. Their markets, sales headquarters, executive offices and, often, their finishing contractors remain in the North.

Business is speeded up

THERE is, therefore, a constant flow of samples northward and of documents southward. This flow has taken to the air with an immense saving in mill waiting-time.

Big shipments of gray goods no longer lie idly at the finishing plant several days or a week until a dyed, bleached or mercerized sample comes back with an O.K. The sample is back the next day.

It is in the shipment of samples of all kinds that air express has turned out to be a powerful aid to business promotion.

Foreign styles arriving in New York today are rushed to any city in the country overnight and put on display there tomorrow. A typical ad in the "Lexington (Kentucky) Herald" reads:

"It has happened! Fashions from Fifth Avenue in Ten Hours, Five Minutes and Forty Seconds."

The psychological effect on the prospective buyer is evident.

A Fifty-Seventh Street modiste ships a carefully chosen gown, air express, to a movie star.

"This was designed and made for you, Miss ——. How do you like it?"

Few gowns come back.

An art collector does his sales traveling without samples. As soon as he has sold a word picture, he wires for its more substantial original which arrives the next morning to clinch the sale.

A jeweler uses the same system except that his customers choose from a catalog. The original pieces, in any finish desired, are then forwarded for a final choice.

As might be expected, the enterprising advertising agency, the harassed engraver, the busy newspapers and all the hard-rushed industries connected with publishing avail themselves heartily of this form of delivery. Engravings, electrotypes, copy, mats, layouts, proofs—all go by air.

So do perishables ranging from radium and flowers to day-old chicks, bacterial cultures and maggots. Florists who prefer to fill their own orders for distant delivery can do so with assurance that the pieces will arrive as shipped. The five-cent gardenias, which appeared on the streets of eastern cities this year are air express shipments from points where those exotic blossoms grow wild. This is better news for the customers than for the local growers of 60-cent blooms.

To give a random review of the kinds of commodities shipped by air, these were taken from a stack of typical waybills:

Accountants' reports, ship's papers, matrices, sketches, photos, parts for almost every class of machines, bathing suits, radio accessories, Associated Press copy, chemicals, instruments, flags, office supplies, blue prints, estimates, records, newspapers, silk hose, screens, medicine, dyes, cigarettes, cosmetics, comic strips, silkworms, canaries, catalogs, magazine covers, musical instruments and—samples of about everything. The weight of individual shipments ran as high as 2,400 pounds.

The air express service of the United States is carried on by two distinct systems—General Air Express and the Air Express Division of Railway Express Agency Inc., commonly known in these alphabetical days as GAE and RAE. Each has an exclusive agreement with a group of airlines.

Airlines cooperate

GENERAL Air Express has associated with it these Airlines: American, Transcontinental and Western, Eastern, Pennsylvania, Northwest and Long & Harmon, Inc. Its pickup and delivery are handled by the Postal Telegraph Company.

Railway Air Express has these contract Airlines: United, Alfred Frank, Hanford, Rapid, Bowen, Central, General, Wyoming, Braniff, Pacific Seaboard, Robertson, Delta, New York and Gulf. The Company does its own picking up and delivering but operates to the same end with the Western Union Telegraph Company at points where that Company has messenger service.

To make shipment, one phones the

nearest agency of the Air Express to call for the package. This is done immediately. The package goes to a concentration point, whence it is rushed to the airfield for the next departing plane.

At its destination, the process is reversed and the package is delivered to the consignee at once.

The waybilling is simple. The man who calls for the shipment makes out four copies of the waybill, one for a receipt, one for the agent company, one for the airline and one, pasted on the package, for the consignee. All shipments are automatically insured up to \$50. For values above that amount, regular policies are issued. The charge is 15 cents per \$100 value. Incidentally, there is an important and growing air express business with Latin America via Pan American Airways.

Shipment has been facilitated by the adoption, for such business, of a single form, the International Waybill, which takes care of insurance, customs declaration, tariff and the rest of the formalities.

While the base rate for domestic shipments is four cents a pound per hundred miles, the total charges vary by zones and by weight. A three-quarter pound shipment is carried between any two airport cities in the United States for 85 cents and a one-pound package for one dollar. Charges this summer were at one-third the 1930 level.

August 15 they were reduced still further.

Weight is limited by plane

THE limit of weight of a shipment to be carried on one trip is the payload capacity of the plane, that is the weight of passengers, baggage, mail and express. Most of the big 16-place transports have a payload lift of 3,000 to 3,500 pounds, which allows them to carry from 500 to 1,000 pounds of express with all seats occupied.

Urgency of delivery or considerations of revenue determine whether seats are to be taken out to make way for freight or not. The average weight of a shipment is six pounds, while the average haul is 1,112 miles.

Considering the increasing realization by business men of the time and money-saving uses of air express, the all-express plane is undoubtedly a possibility of the immediate future. So is the creation of a single nation-wide system.

Indeed there seems to be no valid reason why the growth of air shipments of packaged freight should not bring about the creation of freight trains of airplanes and trailers—as already tried out.

Can you REACH these 8 million people with \$8,000,000,000 to spend?



Think of New England not as so many square miles of territory but as a market of 8 million people with an income of nearly \$8,000,000,000 a year. Think of these people again as either prospects or customers . . . and remember as long as they remain only prospects not one dollar of the \$8,000,000,000 goes into your till.

To turn a prospect into a customer you've got to reach him. For many manufacturers and distributors it's a problem of plant or branch location.

Over 100 tenants, representing 29 different industries, have found that *Boston Wharf* solves this location problem ideally. A fully-developed industrial section with every facility for economical manufacturing and warehousing . . . the *Boston Wharf* property is located but 10 minutes distance from the heart of Boston.

Rents—insurance—and all other charges are reasonably low. Some floor space now available and we are ready to build, if necessary, for desirable new tenants.

BOSTON WHARF COMPANY

Industrial Service Department—NBJ

BOSTON WHARF COMPANY, 259 Summer Street, Boston, Mass.

Please send descriptive booklet of your property and its relation to the New England market.

Name _____ Position _____

Company and Address _____

New Ideas in Selling

Recounting a few of the things
being said and done in this
business of selling

Can publicity be overdone? There's an old adage among publicity men that "you're all right so long as they mention your name." But many question if, after all, publicity is not another good horse which it is entirely possible to work to death.

Take the movie industry, one of the greatest exploiters of all forms of publicity, for example. Listen to the Disney Studio: "So much biographical material has been printed on Mr. Disney that we believe the public may become surfeited with a continual reiteration of this type of material." This feeling that the public may resent too much repetition is further evidenced by the careful control which the Studio exercises not only over the character and quantity of publicity concerning Mickey Mouse and his creator, but also over the publicity of the 80-odd manufacturers who employ Mickey to advertise their products.

Consider another case, Ford's \$100,000 payment for the privilege of publicizing the Ford name through his broadcast of the World's Series. Now the Ford name is already a household word. Making it more familiar is well-nigh impossible.

Had Ford used his radio time to announce some new feature of his cars, some publicity men contend, the advertising would have been worth its cost. But they question the value, in Ford's case at least, of simon-pure publicity with no mention of the merits of company or product.

Examples can be multiplied concerning the fallacy of the old adage. Indeed publicity that tends to become repetitious is often downright dangerous. Many companies have so firmly impressed their trade names on the public that people use them as general terms connoting all makes of similar products—witness Kodak, Duco, Cellophane, Vaseline, and Victrola. Some companies have had to spend portions of their advertising budgets to undo a publicity job done too well, to make clear that the name is in fact a trade name and their own.

In personal publicity particularly the "as long as they mention your name" idea is open to question. To cite the movies again, the wrong kind of publicity has resulted in the fall of many a star. Harmfulness of such publicity has even been established in the courts. Louis Wolheim, while under contract to United Artists, made the front page when he decided to have his face rearranged. But United Artists sought and obtained an injunction to restrain him upon their showing that the attendant publicity would cause concrete damage to their property rights in him.

"Direct from factory." Several years ago a Chicago aluminum utensil manufacturer made a contract with a chain organization under which he shipped certain units from his plants direct to the chain's stores. Sales fell off as the depression deepened, order slips got small-

er and smaller, and finally the manufacturer had to set up a special shipping department to handle them. The chain appeared indifferent to his protests, so the manufacturer did not renew the contract when it expired. Instead he set out to build volume for his new department through independent store owners.

He worked out a grouping of articles in lots of 36, permitting several variations so that dealers reordering under the system could avoid overstocking on slower moving utensils. After figuring costs closely, he proposed to a large wholesale company that it contract to buy a certain number of his utensils



Mounting two vitreous-enamel kitchen ensembles back to back as an uncovered trailer display, the maker at once achieved speedy distribution, demonstrated their serviceability. They've travelled 8,000 miles to date, are undamaged save in one spot. Small boys threw rocks

and mail him the orders and shipping tags for direct-from-factory shipments to its customers. Under this plan, he asserted, the final consumer would get a product worth 11 to 14 per cent more than previously. The wholesale company accepted the plan on trial, and it is reported to be working out satisfactorily.

Wholesalers are not of one mind concerning the plan, however. Some point out that stock in their own warehouses is the essence of their business and that their customers are entitled to have prompt and speedy shipments of any number or type of articles they desire.

Building up the load. In the power business, as in other manufacturing enterprises, unit costs come down as use of installed production facilities go up. Hence the utilities' aggressive efforts designed to "build up load." Several recent and experimental plans of private utili-

ties to this end may also help to throw light on the relationship of rates to electrical consumption. Under these plans consumers who use additional current are given electricity free. Should the plans increase consumption it will show, among other things, a latent demand and possibly a practical basis for rate reductions. If no substantial increase results, on the other hand, the prevalent idea that rates constitute the bar to increased electrical consumption will be to an extent discredited. For if consumption cannot be increased by giving current away, obviously it cannot be increased by reducing rates.

The Hartford (Conn.) Electric Light Company, to cite one plan, is offering free electricity to its 60,000 domestic customers during 1935—50 kilowatt hours free per month if the customer uses 10 kilowatt hours more electricity than he did during the same month in 1934; 25 kilowatt hours free if he uses five kilowatt hours more. At the end of the year a new and lower domestic rate will be offered those customers who continue use of the increased current.

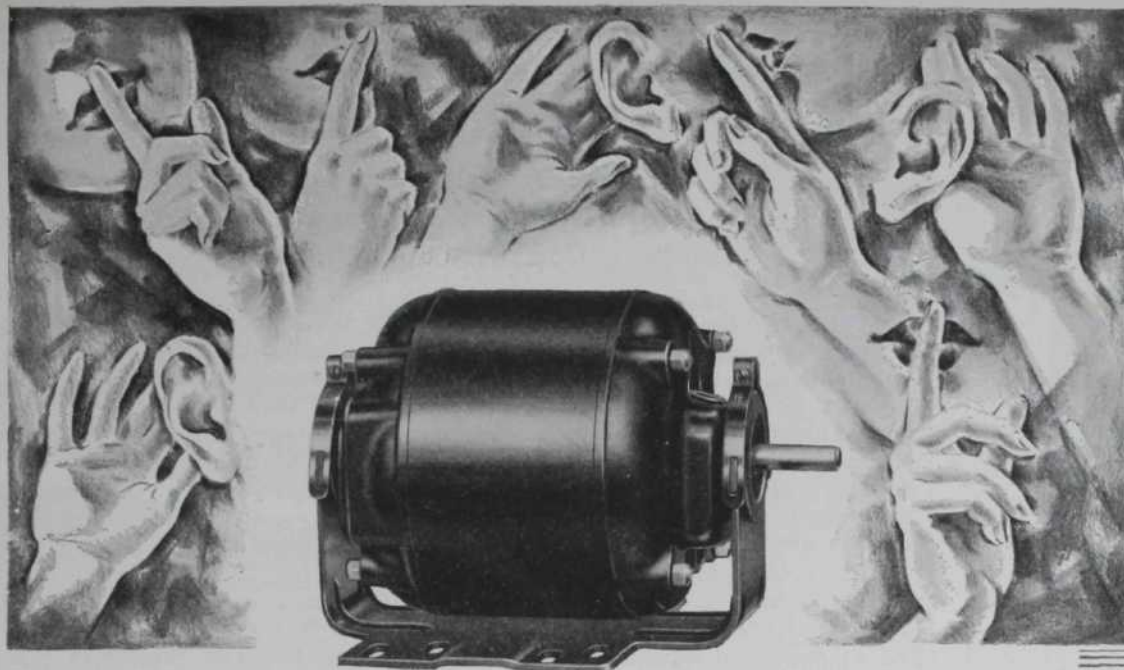
An earlier "free" offer was made by the Milwaukee Electric Railway & Light Company and two California companies, the San Joaquin Light and Power Corporation and the Midland Counties Pub-

lic Service Corporation, during last April and May. Spring freshets gave them an excess of hydro power; the companies in turn gave domestic customers and commercial lighting customers all the current they could use for the same amounts as their March bills.

The last two companies, together with the Pacific Gas and Electric Company, have just effected still another reduced-rate plan under which, for one year, only half price will be charged for current used by domestic and commercial lighting customers in excess of that consumed during the corresponding month of the preceding year.

Still another "electrical bonus" in the form of free electricity was offered by Georgia Power Company during 1934. In addition, if customers used more than the free amount they were given a special extra-low rate on the excess.

—PAUL H. HAYWARD



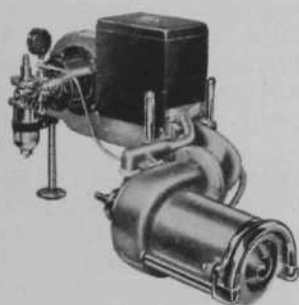
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With nearly 45 years experience in building the finest grade motors to its credit, Emerson is unusually well equipped to produce *Quiet Motors*. A sound-proof, vibration-proof testing laboratory and specially designed scientific equipment with which to analyze the complex wave form by determining the frequencies and measuring their intensities are in constant use to insure uniform production of *Quiet Motors*.

Add to this the fact that Emerson is geared up to deliver motors in any quantity, quickly and at competitive prices, and you have definite reasons why you should consider Emerson Motors for your requirements.

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EMERSON MOTORS

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THE EMERSON ELECTRIC MFG. CO.
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California—Summer's
Winter Headquarters

Los Angeles Limited

It's a rare pleasure to travel on this train—really an enjoyable part of your California trip. There's something about the detailed perfection of the service—the goodness of the meals—the smooth, gliding comfort—that makes it unique.

Barber, bath, maid and valet service on this and its companion train, the San Francisco Overland Limited.

See *Boulder Dam* en route to Southern California. Only Union Pacific offers you this spectacular, 22-mile side trip—in comfortable motor coaches from Las Vegas, Nev.

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Housing in Great Britain

By F. STUART FITZPATRICK

Manager, Construction and
Civic Development Department,
Chamber of Commerce of the United States

IN Great Britain today the building industry is engaged in a large, privately financed new house building program which is materially assisting that country's recovery. In the past year the English Government also has initiated plans for subsidized rehousing of slum dwellers. We in this country are looking forward eagerly to a further stimulus to our own recovery through a revival of privately financed residential construction, and at the same time are watching our Government's admittedly experimental efforts to eradicate slums. For this reason, articles appearing in recent periodicals on different aspects of the English housing situation, including one in *NATION'S BUSINESS*, have aroused wide interest.

A report on English housing

THE following brief statement of facts bearing upon England's experience since the War is designed to give the reader an overall picture of the English situation. It has drawn heavily upon a recent report of the Council for Research on Housing Construction, an English organization, and a new book by Albert Farwell Bemis, "The Economics of Shelter."

Point number one: The War's serious and far-reaching dislocation of the natural forces of supply and demand was the outstanding economic reason for the English Government's action in 1919 in subsidizing the building of new houses. The accumulated housing shortage, due largely to the War, was conservatively estimated at 1,000,000 dwellings. Also due to the War, labor and building materials were expensive and interest rates were high. Because of this, an economic rent to justify building new houses had to be three times the restricted rents of equivalent existing properties. The English Government bridged this gap with a subsidy.

Point number two: The subsidy period, except for rehousing of slum dwellers, was terminated by Act of Parliament in March, 1933. In this period many mistakes were made. Before 1924 no adequate efforts were made to increase the capacity of the building industry. As a result building costs inevitably rose to defeat the object of the subsidy. Further, al-

though the scheme was designed to provide houses for working men, public money was spent on many houses well beyond their rent paying capacity. Thousands of other houses with rents subsidized down to working-class level are tenanted by families who do not need this assistance.

Point number three: During the subsidy period, 1919-33, some 2,340,000 dwellings were constructed in England, Wales and Scotland, of which 1,375,000 were built with, and 965,000 without public aid. This is an average of more than 160,000 a year. Of the subsidized dwellings, some 800,000 were built by, or under the direction of, local government authorities. The remaining subsidized dwellings were built by private enterprise. During 1930 the number of houses built by private enterprise without aid began to exceed those built with aid. Today privately financed dwellings are being built at an average rate of 200,000 a year.

Point number four: The taxpayers' money actually spent on subsidies, 1919-32, amounted to \$750,000,000. Since many of these subsidies are annual payments running from 20 to 40 years, this expenditure will continue, not including new subsidies granted for slum clearance, at some \$80,000,000 a year for many years. The average tender prices for non-parlor subsidy houses in the first three years of the program were high, ranging from \$3,215 to \$4,440. From 1922 on, the prices were lower, ranging on the average from \$1,665 to \$2,220. The amount of the subsidy was reduced by successive acts from \$45 a year for 40 years to \$20 a year for 20 years.

Point number five: Subsidizing construction of working men's houses as an indirect attack upon slum conditions was a failure in the judgment of the English Government. The theory was that, by a "filtering up" process, the new houses would eventually draw people out of the worst of the slum dwellings. Because this did not happen to any appreciable extent, the Housing Act of 1930 displaced this indirect attack by a policy of direct slum clearance and improvement. This 1930 Act aims at a rehousing of slum dwellers program rather than a new housing program. It places responsibility of abolishing slum con-

ditions (dwellings unfit for human habitation) upon local authorities, who may demand the clearance or improvement of defined slum areas and of individual unfit houses by their owners or, if the owner fails to act, may themselves clear or improve at the owner's expense. The inherent weakness of most, if not all, slum clearance programs is that new dwellings are built on cleared slum areas and are then occupied by people of better means from outside the area, while the original slum occupants go elsewhere to make more slums.

Better homes for slum dwellers

THE English Government's 1930 Act attempts to overcome this weakness directly by providing for a *per capita* subsidy for each displaced person adequately rehoused. This establishes a national policy of subsidizing the rentals of the very poorest class whose rent-paying capacity is below the ten or twelve shillings a week required for private enterprise to provide houses on an unsubsidized basis. There is also provision for a contribution from local taxes for each replacement house for slum dwellers.

Point number six: The English Government took no vigorous action under this rehousing of slum dwellers Act of 1930 until this past year. The economic crisis made it necessary, in the Government's judgment, to postpone any widespread campaign against the slums until the crisis had been overcome and the national credit securely reestablished. In 1933, local authorities were requested to submit programs to take care of their slum-rehousing needs on a five-year basis. Those which had been received by the central government up to the first part of this year call for the demolition of 266,000 houses and for their replacement by 285,000 new houses, accommodating about 1,240,000 people. This projected program compares with an actual achievement in slum clearance since the War of some 20,000 replacement houses. The capital cost of this program when completed has been estimated roughly at some \$750,000,000. Assuming the ultimate construction of 350,000 replacement dwellings before the program is completed, slum rehousing subsidies will cost the taxpayer \$20,000,000 a year for 40 years.

Point number seven: The English Government hopes and expects that private enterprise will continue for some years to build new unsubsidized houses at not less than the average rate of the past few years. This has risen from 125,000 in 1930-31 to some 200,000 in 1933-34. It is conservatively estimated that an average total construction of 200,000 houses an-

nually, including replacement houses other than those for slum dwellers, for at least five years may be anticipated as a minimum for England and Wales alone, with an additional 15,000 annually for Scotland. This is well within the capacity of the building industry which, in the year ending March 31, 1934, completed 266,000 houses of all sizes in England and Wales and 18,000 in Scotland.

Point number eight: Summing up. After the War, Great Britain faced a serious situation in the housing field. Domestic building was virtually at a standstill during the war years, population as a whole continued to increase, vast numbers of people, due to war work, moved from one part of the country to another. When peace came, the armies were suddenly thrown back on a housing situation which had adapted itself to their absence. Vast areas of working-class houses had deteriorated through lack of repairs and there was excessive overcrowding. These were the factors in the housing problem which confronted the country. The Government took a definite stand—to maintain rent restriction and stimulate new house construction by granting subsidies.

New housing not subsidized

SUBSIDIES for ordinary working-class house building in England and Wales are now no longer available. *New housing* is left in the hands of private enterprise, with certain guarantees which are not expected to be called on. The slum program is a *rehousing* of slum dwellers program, a social or governmental, and not a business, activity, with a grant from the Exchequer for every person displaced by the demolition of houses in clearance or improvement areas or of individual unfit houses who has been adequately re-housed, and a contribution from local taxes for each replacement dwelling. In spite of all mistakes, the post-war housing achievement in Great Britain is impressive, with private enterprise now going forward with construction of unaided houses at an average rate of 215,000 houses a year. Using total populations as a rough comparative measure, because Great Britain, although its population is hardly more than one-third of ours, is more urbanized than this country, a similar rate of house building here would mean more than 500,000 houses a year.

For convenience of the reader English pounds have been converted into dollars by using the ratio of five dollars for each pound, which, considering the fluctuations of the exchange rate during parts of the post-war period, is sufficiently accurate for the purposes of this statement.

REPUBLIC



LEADERSHIP

IN MECHANICAL RUBBER PRODUCTS

SPECIALIZATION invariably points the way to high achievements. Republic offers a striking example of this because all its facilities are devoted exclusively to the manufacture of mechanical rubber products. Exceptional accomplishments in scientific production have won for it a place of leadership throughout the industry.

In rubber belting, hose, packing, molded goods, extruded products or hand built rubber specialties, there is a wide latitude for variations in strength, flexibility, endurance and many other physical properties. Scientific manufacture requires an exact knowledge of what properties are required for each application, plus the ability to produce them accurately. Republic's extensive researches into the needs of industry combined with its modern methods and exacting technical control have brought its products to a distinctly higher quality standard.

Describe your mechanical rubber problems. We will give full details on how to meet them and the name of our nearest distributor.



THE REPUBLIC RUBBER COMPANY
YOUNGSTOWN, OHIO

ORDER
REPUBLIC RUBBER PRODUCTS
FROM YOUR DISTRIBUTOR

• POPULAR FALLACIES OF ADVERTISING •

"Advertising Makes You Buy Things You Don't Need"

WHEN bath tubs were first invented, certain "public spirited" communities passed laws against their use . . . they were an "unneeded luxury." But today, listen to the outcry against any community lacking modern sanitary conveniences!

Were the first wrist watches considered a suitable article of masculine apparel? Why ask . . . when the growth of the wrist watch business is within the recollection of young readers of this message!

What people *need* is what they want and will buy. Their wants *change*. Advertising can create wants when the public permits them to be created . . . but if the public refuses, advertising must erect a tombstone to another unfulfilled ambition.

The fallacy that advertising induces people to buy things they "don't need" must be based on a notion that there is some human judge who knows what people do need . . . whereas under existing institutions each consumer is his own supreme judge. If he will work harder for a radio set than for a set of cooking utensils he (not advertising) takes the responsibility.



ADVERTISING MEN are aroused by every statement about advertising that is fallacious.

Similarly other business men are aroused by fallacious statements about their business.

NATION'S BUSINESS, almost alone, has fought the battle of all business against fallacies. That is one of the reasons why its subscribers hold it in such high regard.

It is a significant fact that many of the items that constitute the American standard of living are items that people once did not "need." Advertising has helped to bring them into widespread use . . . not because advertising had the power to foist them upon consumers, but because consumers themselves encouraged the advertiser by making purchases.



NATION'S BUSINESS

260,000 CIRCULATION

PUBLISHED MONTHLY AT WASHINGTON BY THE UNITED STATES CHAMBER OF COMMERCE

Why Relief Costs So Much

(Continued from page 27)

that matter. If even larger expenditure and greater deterioration of personal character are to be avoided, all of us must study the problem.

First, we must recognize that adequate relief must be granted to those who are actually in need. Under our present conception of society, there can be no question about this. But, relief should be so organized as to attempt to get positions for the needy. Most unemployed are not interested in theoretical teachings whose object is to lift them to a higher ethical or moral plane. People out of work want to become self-reliant. Every effort should be made to place them in touch with people who might employ them. They should be taught initiative, personal effort; no respectable job should be frowned upon.

The community must help

SECOND, the local community must take a financial interest in relief. Admitting the financial difficulties of many localities, it is nevertheless evident that a portion of all relief funds should be raised by local communities with the Federal Government assisting. Relief is essentially a local problem. It must be treated as such. Washington recognizes this. Mr. Hopkins must be complimented for beginning to demand that states and local units help defray the expenses of relief with at least a portion of the cost of relief being raised as a direct tax upon the community.

Third, it appears to me that relief should be decentralized with the local board responsible for its direction under federal supervision. It is distasteful to believe that in our type of democracy, capable, efficient people could not be found to accept the responsibility for the local administration of relief. Federal supervision would be most desirable for coordination of activities, uniformity and proper regulation.

Individual welfare, group advancement, humanity's progress depend upon the interest of each local community in its local problems. You cannot expect the continued interest of a people in a democracy when a centralized Washington is the source of all milk and honey. Livelihood given by some nebulous unseen authority is eventually expected, and later despised. A nation is no more self-reliant, efficient and progressive than the sum total of the citizens and individual communities that compose it. This is a fundamental economic truth.

Burroughs

DUPLEX CALCULATOR



COMPLETE ELECTRIC OPERATION

TWO SETS OF DIALS Individual totals are obtained in front dials, then, if desired, transferred to rear dials for accumulation into a grand total. The two sets of dials are well separated to avoid confusion.

ELECTRIC TRANSFER Touching the transfer bar enters the amount of the individual total in rear dials electrically, and clears the front dials.

ELECTRIC CLEARANCE A single touch of a key clears the front dials without transferring; another key clears both dials simultaneously. Both operations are electric. No cranks to turn; no levers to pull.

FASTER SUBTRACTION Entirely new feature provides the simplest method of subtraction on any key-actuated calculating machine.

FRACTIONAL CENT The machine gives, or takes, the half-cent as desired; or accumulates fractional amounts in the normal way.

OTHER ADVANTAGES Complete one-hand control; uniform, light touch for all keys; fast, positive action; accuracy electrically enforced; motor does the work.

The Duplex is furnished in 9 and 13 column sizes. Write for illustrated folder.

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

A Book About You

IF you are interested in financial independence for yourself and your family—this book is about you. It tells briefly, and without technicalities, how life insurance and annuities can help you achieve the things you want. Send for your copy.



JOHN HANCOCK
INQUIRY BUREAU
197 Clarendon Street
Boston, Mass.

Send my copy of "Answering An
Important Question"

Name

Street and No.

City State

N. B. 1-35

THE TRADITIONAL WAY TO SOUTH AFRICA



Go by the route preferred since 1853. Cross to England in your favorite liner ... sail any Friday from Southampton for Capetown in a great steamer or motor ship of the Union-Castle fleet. Special through fares.

SPECIAL TOURS... an opportunity to visit the incomparable Victoria Falls and Durban, popular resort of the Natal Coast. Greatly reduced rates.

Literature and information about Union-Castle Line from **THOS. COOK & SON**, General Passenger Representatives, 587 Fifth Ave., N.Y. or local steamship agents.

Have We Any Essential Raw Materials

(Continued from page 24)

Among the former group we find lithopone and zinc oxide used for white lead in paint mixing; chlorine taking the place of bleaching powder; new chemical accelerators for the rubber vulcanization process following each other with bewildering rapidity; butyl acetate for amyl acetate in lacquer making; ethylene glycol for glycerin as an anti-freeze; sulphur dioxide as an antichlor; calcium phosphate used as an abrasive in tooth pastes.

Despite their diversity, all these replacements have a common characteristic—each new product is produced from cheaper, more available, raw materials.

In fact, the first principle in the competition between a synthetic and a natural product, or in the substitution of one chemical for another, is that the newcomer first wins its way to commercial success because of a lower price. This is the argument that induces the first buyer to experiment because each new chemical process, each new chemical material introduced, meets the resistance of die-hard conservatism.

To replace gallons of weak, comparatively costly and bulky buttermilk (lactic acid) with ounces of concentrated, thoroughly standardized sulphuric acid appears to us but a common sense chemical progress. The bleachers who first attempted this thoroughly logical substitution were fined and sent to jail.

New products are hard to sell

WHEN Muspratt first attempted to sell caustic soda to the English soap-makers who had been using caustic potash for generations, he told them that his new chemical was not only cheaper, but that it was a more efficient saponifying agent for their fats. Did they flood him with orders? Quite the reverse, he had to give it to them. And then he had to go to their soap vats and show them how to use it before they would buy a pound.

Yet this cheaper, more efficient, alkali enabled them so to reduce the price of soap that, from a rare luxury, it shortly became a common necessity and, incidentally, transformed them from struggling local artisans into wealthy industrialists with a world-wide business.

Many, many experiences of this sort have, in the past century, made us a little less certain that what was "good enough for grandfather is good enough for me," and a little more willing to meet innovations

without too much prejudice. Nevertheless, many a chemical manufacturer introducing a new product even today must give it away and demonstrate its use.

Accordingly, it is the rule that the chemical substitute is less expensive than the material it replaces. It is, of course, only an apparent exception when some synthetic material possesses certain superiorities which enable it to command a higher price. It may be purer, so that less of it need be used or that it may be used more precisely. It may make it possible to eliminate some step in a manufacturing operation. It may be stronger or lighter, more resistant to stain, more durable under repeated bending or constant scuffing; less affected by heat or cold, by sunlight or seawater, by smoke or perspiration, or by all sorts of acids and alkalies.

New materials are created

IF IT possesses some combination of properties enabling it to do something or to serve some useful purpose which no other known material can serve, then it may well sell at a premium. Chemists and metallurgists have given us a number of these unique materials. Often when they are first introduced they sell at comparatively high prices; but sooner or later they, too, have competitors or their patent rights expire and other makers enter the market. Highly specialized alloys of steel have often been in this class.

When the so-called vat dyes, the only unalterably fast coloring matters the human race has ever known, were first introduced they sold at high prices which, however, were lowered by competition.

However, new chemical substitutes are seldom so outstanding or so perfectly protected by patents that they enjoy anything like a monopoly. Most of them do possess certain definite chemical or physical properties which give some economic advantage; but their first commercial victories are most likely to result from a lower price and their eventual triumph is established by their ability to reduce the cost of industries that use them.

Again indigo will serve to tell the triple story of substitution, lower costs and expanding markets.

Back in 1896, when synthetic indigo first appeared, 17,000,000 pounds of the natural dyestuff, containing on the average about 65 per cent of the active coloring principle, indigotine, sold for about \$1.25 a pound, or on the basis of pure indigotine content,

about \$1.70 a pound. In 1913, just before the World War and after 15 years of direct competition, the output of the coal-tar dyes had grown to 15,000,000 pounds of pure indigotine, the equivalent of more than 20,000,000 pounds of the natural dyestuff. The price in the meantime had been reduced to a dollar a pound or, on the basis of indigotine content, from \$1.70 to 65 cents a pound. Today, the monopoly of the German Dye Trust having been broken, synthetic indigo is selling on the basis of 100 per cent material for 40 cents a pound.

From among the perfumery and flavoring materials can be collected even more sensational examples of price reductions after synthetic substitutes had been perfected. As in the case of the natural dyestuffs, the natural aromatics contain only a relatively small percentage of the active principle responsible for the desired odor or taste. This active principle the chemist isolates. Then he either duplicates it exactly or finds a suitable substitute. On the basis of this active principle, the best Bourbon vanilla bean sold for \$1,000 a pound. Today vanillin sells for \$4.50 a pound.

The scent of the heliotrope formerly cost the perfumer \$400 a pound. He can now buy it for \$2.00 a pound. The price of a pound of coumarin since synthesis has been cut from \$50 to \$3.50; of terpineol from \$11 to 34 cents.

High demand, low price

ON ANOTHER front in the commercial battlefield, the synthetic product has a distinct advantage over its natural rival. The longer a synthetic is manufactured and the greater the demand becomes, accumulated experience and larger output make it possible simultaneously to improve the quality and to reduce the price. This is quite a different condition from that which surrounds the output of a natural material where increased output is so promptly and so definitely subjected to diminishing returns and where increased demand so often means a raise in price.

Rayon prices and quality reveal these tendencies. On May 11, 1911, the first price on viscose type of yarn of 150 denier quality was published as \$1.85 a pound in skeins. During the war the price advanced to \$6 but by October, 1920, this had been brought down to \$2 and, in the course of the next 15 years, successive reductions brought the price down to 55 cents. Acetate yarn, sold on spools, and of the same standard 150 denier quality has been lowered in ten years from \$2.90 to 65 cents.

When citric acid was made from lime citrate produced from the juice



"VELVET TOUCH"

such ease • such silence • such speed

● Such ease of operation. You literally play the keys of these New Monroe Machines like organ keys, instead of pounding them. And Velvet Touch produces speedier, more accurate figure work, because figure workers are less fatigued.

Velvet Touch is only one of the distinctive Monroe advantages—simplicity, portability, speed, flexibility have also been applied to every kind of business figure work. It started with the Monroe Adding-Calculator—that amazing machine that you see on desks everywhere, adding, subtracting, multiplying, and dividing, instantly and automatically. Now Monroe has adapted these same basic Monroe prin-

ciples to Adding-Listing and Bookkeeping Machines. Think what that means. Bookkeeping Machines, small enough to use right on the desk, light enough to carry from department to department.

In the expanded Monroe line there is a Velvet Touch, desk size machine for every kind of figure work. You really have to see these New Monroe Machines to appreciate what a tremendous forward stride they represent. A phone call to any Monroe branch will put a machine to work on your own figures—or write to the factory.

MONROE CALCULATING MACHINE CO., INC.
ORANGE, N. J.

MONROE'S
NATION WIDE
FIGURE SERVICE
OPERATES THROUGH
150 FACTORY-
OWNED
BRANCHES





These 159
IRON FIREMAN
users cut fuel costs

49%

● About a year ago 159 new Iron Fireman automatic coal burners in Milwaukee, Cleveland, and Toronto were listed for study on fuel cost savings. Now, a year later, comparisons have been made of yearly fuel costs before and after the installation of Iron Fireman. Here are the figures:

In these 159 cases (business buildings, factories, schools, hotels, etc.) Iron Fireman reduced annual fuel costs a total of \$105,394. This is an average saving of 49%. Fuel cost savings alone pay these Iron Fireman owners 47% a year on their investments.

A single case might be considered exceptional; but 159 regular cases showing average annual fuel cost savings of 49% is definite proof that Iron Fireman automatic self-regulating coal firing is a scientific development that cannot be ignored.

The detailed record of these 159 typical cases, with names of owners and type of fuel previously used, is published in a bulletin which will be sent upon request. Just ask for it. Iron Fireman Mfg. Company, Portland, Oregon; Cleveland, Ohio; Toronto, Canada. Dealers everywhere.

Iron Fireman authorized representatives are prepared to survey your firing job and estimate the savings which can be made for you. This is a free service. Iron Fireman is quickly installed and may be purchased on a convenient monthly plan. Models for heating or power boilers up to 300 h.p. and for homes.



IRON FIREMAN AUTOMATIC COAL FIRING

IRON FIREMAN MANUFACTURING CO.
3099 W. 106th Street, Cleveland, Ohio.

- ☐ Send literature
☐ Make firing survey

- Type of plant:
☐ Commercial Heating
☐ Power ☐ Residential

Name _____
Address _____

of culled lemons and oranges the price of 45 cents a pound was normal. After six years' competition with citric acid, produced synthetically by a new fermentation process, this price had dropped to 28 cents. Methanol (wood alcohol) made by distilling hard wood sold for 90 cents in 1927. It dropped to 60 cents in a single year due to the growing output of synthetic methanol, and continued to decline until it had come down to 31 cents, or a third of the cost of the natural product.

Costs have come down

FROM the experience of scores of different industries literally hundreds of such examples of drastic cuts in costs might be collected; but they impress most of us less than a couple of instances of materials we all buy and use. Celluloid, the first of the modern synthetic plastic materials, is made from cotton linters, treated with nitric acid, mixed with camphor, and subjected to heat and pressure. It is made in sheets, blocks, and rods which can be cut, sheared, pressed, bent, and polished by machinery into almost any shape or finish. It can be colored to simulate ivory, tortoiseshell, amber, coral, marble, jade, onyx, and a score of other rare and precious materials. In certain respects it is a better material because, unlike ivory, it does not turn yellow; it does not crack as does tortoiseshell, and it is less brittle than amber.

Every five-and-ten-cent store in the land is stocked with hundreds of items which testify how cheap and useful this versatile material has become.

Another synthetic plastic is already indispensable for our household electrical appliances, our lighting fixtures, even for the ignition system of our automobiles. Bakelite, Durez, and similar synthetic plastic materials made from phenol (carbolic acid) and formaldehyde are extremely tough materials, resistant to heat and chemical action, and non-conductors of electricity. They are manufactured in powder form but can be molded by heat and pressure into many permanent shapes.

Most of the many breakdowns of the early motor car were caused by ignition trouble. Distributors which cracked too easily when jarred or jolted were the chief trouble makers. These difficulties of motoring have been all but eliminated; the use of the electric toaster and the electric refrigerator has been widely extended; the radio has been made possible, all thanks to these chemically wrought plastic materials.

Far from being cheap, nasty, deceptive imitations, our chemical substitutes often enough turn out to be

superior materials which Nature does not duplicate and which are ideally suited for some of the most exacting requirements. These products of the laboratory are always the same, and since their actual chemical composition does not vary, their quality is perfectly uniform. A manufacturer can use them in his formulae in definite quantities to produce exact results day after day and year after year.

The products of the land, on the other hand, always possess certain infinite variety which inevitably means indefinite quality, so that each lot and shipment must be analyzed or assayed if an absolutely exact result is to be obtained. This is not the least important reason why the physician in prescribing medicines is coming more and more to rely upon chemicals and less upon the extracts and decoctions of barks or roots or leaves.

In the use of drugs uniformity and certain results are a premium as important as life itself, but in many of our commonest and cheapest wares a scientific exactitude is achieved that was undreamed of by our fathers. The ink on our morning newspaper is manufactured under more scrupulous chemical control than was the gunpowder used at Gettysburg or Santiago. The plug of our electric toaster is molded to an accuracy several hundredths of an inch greater than the pinions of the automobile with which Ray Harroun won the first Indianapolis Speedway race. And much of the uniformity and precision is due to these chemical substitutes, these made-to-order materials of the chemist's skill.

Picking up Trade

EVEN taxi-driving offers opportunity for some ideas in selling, Jack Solomon, Chicago cab driver, decided some months ago. He writes concerning his system:

Briefly my plan is the development of a flexible looseleaf book wherein I daily insert newspaper clippings concerning meetings and events from which I think I can get business. Through this plan I am able to contact some of the most important local and out-of-town people. I file and classify the ones from which I get business, and carefully follow this with a simplified accounting plan concerning my every operation and effort.

Solomon starts the day by clipping and pasting morning-paper accounts of social and business events, and plans his route to cover them. He keeps account of the business and tips derived from each event and thus builds a file which serves both as a guide to the most profitable type of event and as an aid to building up an established clientele.

The Automobile's Future

(Continued from page 37)

Cars will be wider so that passengers may have more room—a three passenger seat will really seat three persons.

Driving will be made easier through improvements in transmission.

Tires will be bigger—up to six-inch diameter even on small cars.

Brakes will be made more effective because speed will be higher.

Here's the way it runs: better roads make possible, even inevitable, higher speed, but higher speed makes necessary better and more powerful brakes.

The buying drive will be toward the lower price cars, Fords, Chevrolets, Plymouths. These cars may move up in price while cars at a little higher price will tend to move down. It is probable that we shall in the next few years see two general classes of cars; the low priced from \$500 to \$750; the luxury car from \$2,500 up.

That's the picture of the car—a faster, broader, lower-swung car with higher power engines—a car even in the low priced class that can make 75 miles an hour with safety—safety, that is, if the roads are right.

Roads will be better

AND roads are going to be right. There is a steady development along two lines, the business road designed to take the car owner from one community to another in the quickest possible time, and the recreational road. These two overlap, of course, but the building of the wide, straight roads in Texas, the proposed viaduct through Baltimore to cut down time from the South to New York, are examples of the first class; the Sky-line Drive down the backbone of the Appalachian Mountains is an instance of the second.

In the field of commercial vehicle service, truck manufacturers are fitting their product to the pattern laid down by the American Association of State Highway Officials in their code of physical dimensions and weights for vehicles.

Lighter and stronger alloys are being developed and a more uniform distribution of loads is coming out of a redesigning of trucks and buses which will permit greater pay loads without undue wear on the road.

As the movement develops, it is generally anticipated that the cruising range of the truck will depend upon the commodity to be carried rather than the distance. Citrus fruit is now being brought from Florida to New York by steamship, by rail and by truck. Which is the cheapest of the three? There is no final answer. The shipper weighs the factors of time, cost, ease of delivery. There is no certain balance in favor of the truck, or the railroad, but motor leaders expect to see rail management adopt the policy of selling transportation rather than simply operating railroads.



What her own Husband couldn't Know

● Read this true story of a grateful woman. Unable to tell her husband, she turns to us. Acknowledging one of our monthly income checks, she writes:

"I have wished many times that I might rush to the one who drew my husband's attention to this particular kind of insurance [monthly income] and tell him what a wonderful blessing it has been.

"It is as though on each seventeenth of the month I received a special and loving message directly from my husband. The thought that as long as I live, and as long as my daughter lives after me, we shall have this monthly provision for our comfort [a check from the Northwestern Mutual] is a

tremendous solace. With the rest of my inheritance I may do as I please, using what discretion I have, which in all cases has not proved to be good—but with this bulwark, this shelter, we are assured lasting safety."

Would your family be sure of such safety? If you should die, would there be a monthly check for their support from such a large, strong company as the Northwestern Mutual? Mail us the coupon for the booklet—"YOUR PART OF A BILLION DOLLAR ESTATE". Make certain that your family is protected.



THE NORTHWESTERN MUTUAL
LIFE INSURANCE COMPANY
Milwaukee, Wisconsin

Without obligation, please send me your booklet "YOUR PART OF A BILLION DOLLAR ESTATE."

Name
Address
City Age



The assets of the Northwestern Mutual, as reported to state insurance departments, now total a billion dollars—a great estate administered for the mutual welfare and protection of more than 600,000 policyholders.



The Judge That Never Errs

Time, that Tough Old Tester, never makes a mistake about pipe. His records show where Reading Genuine Puddled Wrought Iron Pipe lasts **LONGEST**—saves you the **MOST** money.

Honest advice on pipe problems is yours for the asking. Just write



READING IRON COMPANY
PHILADELPHIA

SCIENCE AND INVENTION HAVE NEVER FOUND A SATISFACTORY SUBSTITUTE FOR GENUINE PUDDLED WROUGHT IRON

SWINGING PANEL FIXTURES

For Displaying Maps, Charts, Blueprints, Photos, Advertising, Samples of Merchandise.



Like vertical loose-leaf book. Both sides of wings used for displaying a vast amount of material in compact space. Built of steel. Various styles and sizes. Write for catalog.

MULTIPLEX DISPLAY FIXTURE COMPANY
926-936 N. Tenth St. St. Louis, Mo.



AUTOMOBILE COMPASS

Have you ever taken the wrong road and traveled many miles before discovering your mistake? This new AIR-PLANE TYPE COMPASS constantly tells you direction of travel. Sticks to windshield. Base 17-1/2" diameter. ONLY \$1.95 POSTPAID, including Companion. SATISFACTION GUARANTEED or your money refunded if returned within ten days.

DEALERS WANTED!

HULL MFG. CO., Box 246-NI, WARREN, O.



Two Blocks from White House

A third of our Presidents have inscribed their names on the register of

THE WILLARD HOTEL
"The Residence of Presidents"
Washington, D. C.
H. P. SOMERVILLE, Managing Director

We File 63 Tax Reports

(Continued from page 28)

preparing the tax return forms. If the requirements of only a small percentage of the states can bring our total tax reports to 63, it can readily be seen that in the near future we might have to submit more than 500 reports a year. If cities and counties are allowed to collect sales taxes, the number of reports required might easily pass a thousand.

Under such conditions the routine record-keeping, the making-up of the pay roll, and such functions would become the minor activities of the accounting department. The manufacturer faces the problem of either slighting that part of his work which directly affects his profit-and-loss operations, or employing extra help at extra cost to satisfy the bookkeeping requirements of hundreds or thousands of separate legislative bodies.

The question is, how much further can the manufacturer afford to go in the matter of adding to his own costs

in a non-productive field of labor? It is obvious that, no matter how many more people he adds to his pay roll and no matter how much the work costs him, his investment cannot bring him a single cent in profit.

The system must be changed

IF THIS situation arose inside an industry, instead of between industry and Government, it could not last long. It would soon be recognized as an awkward, incoherent system, and there would quickly be a move toward centralization. There is a real need to "get organized" on this matter.

What is needed promptly is a plan that will reduce the amount of accounting department work that is necessary to satisfy all concerned. It must be possible to work out a few "universal" forms, including all the data needed by the separate states. Or, perhaps, federal collection and a reapportionment is the answer.

Typical National Manufacturer's Yearly Tax Schedule

Dates indicate when reports must be filed

JAN.

- 1 New York Withholding at the Source
- 15 California Sales Tax
- 15 Illinois Sales Tax
- 25 Mfrs. Excise Tax

FEB.

- 1 Alabama Annual Permit
- 15 Oregon Information Return
- 15 Illinois Sales Tax
- 15 Federal Report of Salaries over \$1,000 and Report of Dividends paid over \$500.

- 25 Mfrs. Excise Tax

- 28 Illinois Annual Report

MARCH

- 1 Census Reports
- 1 Mass. Inc. at the Source (over \$2,000)
- 15 Alabama Income Tax
- 15 Alabama Franchise Tax
- 15 San Francisco Personal Prop. Tax
- 15 California Franchise (Income) Tax
- 15 Los Angeles Personal Prop. Tax
- 15 Illinois Sales Tax
- 15 New Jersey Annual Report
- 15 Multnomah County Personal Prop. Tax

- 15 Pennsylvania Capital Stock Tax

- 15 Federal Income Tax

- 15 Pennsylvania Annual Bonus Report

- 15 Federal Excess Profits Tax

- 25 Mfrs. Excise Tax

- 31 Mass. Certificate of Condition

- 31 Cuyahoga County Personal Prop. Tax

- 31 Hamilton County Personal Prop. Tax

- 31 Cook County Pers. Prop. Tax

APRIL

- 1 Oregon Excise (Income) Tax

- 1 Oregon Intangible Income Tax

- 1 Denver County Personal Prop. Tax

- 2 New York License Report

- 10 Mass. Excise Tax

- 15 California Sales Tax

- 15 Illinois Sales Tax

- 15 New York Withholding at the Source

- 25 Mfrs. Excise Tax

MAY

- 15 Illinois Sales Tax

- 15 Salem (City) Property Tax

- 25 Mfrs. Excise Tax

JUNE

- 15 Illinois Sales Tax

- 25 Mfrs. Excise Tax

JULY

- 1 Oregon Annual License Fee

- 1 New York Franchise #3 IT

- 15 California Sales Tax

- 15 Illinois Sales Tax

- 25 Mfrs. Excise Tax

- 31 Federal Capital Stock Tax

AUG.

- 15 Illinois Sales Tax

- 25 Mfrs. Excise Tax

SEPT.

- 15 Illinois Sales Tax

- 25 Mfrs. Excise Tax

OCT.

- 1 Clifton (N.J.) Pers. Prop. (Assessment Date)

- 15 California Sales Tax

- 15 Illinois Sales Tax

- 25 Mfrs. Excise Tax

NOV.

- 15 Illinois Sales Tax

- 25 Mfrs. Excise Tax

DEC.

- 15 Illinois Sales Tax

- 25 Mfrs. Excise Tax

*Emporium Property Tax

*St. Marys Property Tax

*No fixed date of assessment



It takes a **Truck Engine** **TO STAND** *the Gaff*

A PASSENGER car engine is called on to deliver from a *fourth* to a *half* of its full power most of the time. The average heavy-duty TRUCK engine delivers from *three-fourths* to *all* of its power practically all of its working time.

In terms of delivered energy the output of a TRUCK engine is perhaps *four times as great* per mile of travel. If the average car is disposed of at 50,000 miles, hundreds of hard-working trucks should be entitled to retirement in a few months' time. Nothing could be further from the minds of either

the builder or the owner of the good truck. Thousands of International Trucks have traveled upwards of *two or three hundred thousand miles*, every mile a TRUCK mile.

The automobile tests many a fine quality in an engine, but the TRUCK tests *rugged strength* also! For more than twenty years the builders of International Trucks have built TRUCKS ONLY. Question any International owner as to the result.

INTERNATIONAL HARVESTER COMPANY
OF AMERICA, INC.

606 South Michigan Avenue, Chicago, Illinois

Illustration shows the NEW 4- to 5-ton Model C-60. See the NEW Internationals at all International branches and dealers. Sizes, $\frac{1}{2}$ -ton to 10-ton. Chassis prices, \$390 up, f. o. b. factory.



INTERNATIONAL TRUCKS



SOON the curtain will lift on another of those series of pageants with which each year the automobile industry presents to the public its latest products of laboratory and workshop.

Don't fail to attend the Automobile Show shortly to be held in your city or nearby. As a car owner there is almost a duty to compare the safety, convenience and economy of the new models.

Important as a good car is to the American way of living, the motor industry's contribution goes deeper. It creates a demand for great quantities of steel, copper, aluminum, lead, zinc, lumber, and cloth — thus becoming one of the mightiest props to our people's employment. Scarcely a hamlet in our countryside that does not draw a benefit from the courageous initiative and enterprise with which America's automobile industry has pushed forward, in good times and bad.



We are proud of our opportunity, as operators of the C. I. T. Deferred Payment Plan, to provide the necessary Financing Service which enables dealers each year to sell many thousands of cars on sound credit to men and women in all walks of life.

Affiliated Operating Companies with Head Offices in New York, Chicago, San Francisco, Toronto, Canada. Also Completely Functioning Local Finance Offices in the Principal Cities.

COMMERCIAL INVESTMENT TRUST INCORPORATED

Executive Offices: One Park Ave., New York

Unit of COMMERCIAL INVESTMENT TRUST CORPORATION—CAPITAL AND SURPLUS OVER \$75,000,000

What Bankers and Investors Discuss

S AID a banker:

"I find that when I read the front pages of my newspaper, I grow depressed as to the future of business. When I turn over to the business and financial pages my depression is lifted. The front pages are filled with news of dissensions in the Administration, of projects for great expenditures which seem to me to threaten the stability of our Government, of eccentricities in Congress and what they may do and say, of foreign news that suggests possibilities of war.

"Then I turn to the inside pages and I find much that is reassuring. The accepted indices of business show improvement; standard stocks are moving up; there is every indication that business, the business of making and selling goods, is bettering.

"One reason may be that two years ago news of better business was news because of its scarcity and found its way to the front page."

Bad news and good

THE banker might have been reading the *New York Times* of December 2, a day or so before he spun his story. The front page talked about the split in the Republican party; the failure of liquor revenue to meet expectations, assassinations in Russia, labor troubles, a great new spending program. Inside he would have found such encouraging statements as this:

In spite of the regretted third-quarter decline in earnings, most of the important companies will end the year with most satisfactory results. Estimates for several important groups, based upon earnings actually reported for the first nine months of this year, are highly encouraging. Automobile manufacturers earned about 14 per cent more than a year ago, while the accessory makers increased their profits 80 per cent over 1933. The chemical companies reported a 45 per cent increase; the mines and metals group, 360 per cent; office equipment, 157 per cent; and tobacco, 166 per cent. Seventeen oil companies which last year reported an aggregate deficit of \$4,150,000 this year show profits of \$22,000,000. Thirteen steel companies have reduced their 1933 deficit of \$41,700,000 to \$12,900,000; the electrical equipment group has converted a \$377,000 loss into a profit of \$15,900,000, and 21 railroad companies have reported a gain of seven per cent in their net income. Only the utilities made a conspicuously poor contrast with their 1933 reports.

Low wages for capital

NINETY-NINE illnesses out of a hundred tend to cure themselves. The

man who has a headache due to too much eating lets food alone for a day and feels better. Depressions in the past have cured themselves that way. Wages and interest payments have been reduced, debts have been wiped off or written down, new capital has accumulated. Labor seeks work, capital seeks work, both agree to take lower wages for a while and the descending spiral starts slowly up.

In this depression we undertook to reverse the normal course of things. We urged—and that goes back to Mr. Hoover's regime—that wages be maintained. In spite of everything, they went down. With the entry of President Roosevelt, wages were raised by government pressure. It was argued that increased wages would mean increased spending power; it was forgotten that increased wages also mean increased prices and increased prices are a reactionary force in recovery from depression.

While wages have been running a course contrary to that customary in a period of recovery, capital—and capital is merely accumulated labor—has been running with a few exceptions its customary course.

Much of capital became unemployed—bonds were defaulted, interest on mortgages was not paid, stocks went without dividends. Now capital has piled up and is looking for work and isn't too particular about wages. In the past year, deposits in banks in this country have increased by five billion dollars, yet loans have not increased in proportion.

The Government is hiring large amounts of capital which is hesitant to work for anyone else. But the Government is paying low wages and promises no increase. The average annual interest rate for government loans in this country in November was 3.02 per cent and will probably soon be less than three. The man with \$20,000 of labor which he has saved over 20 years instead of spending will get less than \$600 a year. How long will he be content? How soon will he want to lend it at five to a neighbor who wants to build a house, to put it into a partnership with another neighbor who wants to open a store?

Idle funds continue to accumulate until the pressure on major money markets is greater than at any time in history.

At some unpredictable point the pressure of idle capital will overbal-

ance the force exerted by fear and uncertainty.

—The Wall Street Journal

Unemployed capital

THIS condition of piled up capital looking for work isn't peculiar to this country. British Government issues have sold recently at an interest rate of 2.71. A similar situation exists in France, Holland, Italy, Switzerland, Australia where government borrowings have been made at a lower rate. When men refind their faith in each other and capital seeks private investment this situation may change.

A handicap for the revolution

THE great deterrent to revolution in this country is that most of us don't know on which side we belong. Is a man who works for a living who has an \$8,000 house 60 per cent paid for and who has saved \$5,000 one of the proletariat or a capitalist? Should he march with the mob, or be barricading his house?

Whence come dividends?

DOES a bank pay dividends to its stockholders from what it earned last year or what it expects to earn this year? The Bank of the Manhattan Company earned \$4,900,000 in 1934, a little less than it earned in 1933. It paid \$2 a share in 1933 and earned enough to pay that in 1934 in spite of the decrease.

J. Stewart Baker, its chairman, proposes to cut the dividend to \$1.50 a year because it will more nearly represent the expected net return.

Paper profits on silver

THE Treasury Department is quietly stowing away a tidy but somewhat combustible paper profit as the result of its silver purchase program. Since the enactment of the Silver Purchase Act in June the Government has acquired, according to official reports, at least 273,000,000 ounces of silver for approximately \$140,000,000.

By writing up the value of this silver to the monetary price of \$1.29 an ounce—a fictitious value set by law—the Treasury can declare the 273,000,000 ounces to be worth \$352,000,000. It can thereby conjure up a tidy paper profit of \$212,000,000.

The trouble is that many people

WHY YOU HAVE acid INDIGESTION



New Facts About Gassy Fullness, Heartburn, etc.

A New, Faster, Safer Relief

You have heartburn, gassiness, indigestion because hasty eating, wrong food combinations or other conditions cause over-acidity of the stomach. To relieve your distress, reduce the excess acid—but don't alkalinize the stomach entirely, or you'll stop your digestion entirely. That is one of the dangers in drenching down half a tumbler of harsh, raw, alkalies. Also excess alkalies may seep into the system, affecting the blood and kidneys.

The new, advanced method is to take an antacid that acts only in the presence of acid. Such a remedy is contained in TUMS, the candy mint digestion tablet. After the acid is corrected, TUMS' action stops! If part is left unused, it passes out inert and unabsorbed. Try 3 or 4 TUMS the next time you are distressed. You'll be astonished at the quick relief—happy to have discovered a remedy that really "works," and is so easy to take. 10c a roll, everywhere. (TUMS contain no soda.)

1935 Calendar-Thermometer, beautifully designed in colors and gold. Also samples TUMS and NR. Send stamp for postage and packing to A. L. LEWIS CO., Dept. 16-ANN, St. Louis, Mo.

Free



For a laxative, use the safe, dependable Vegetable Laxative NR (Nature's Remedy). Only 25 cents. NR

One Year From Today What Will You Be Earning?

This may be the most important year in your life! Your whole future is apt to depend on how you take advantage of present business changes.

The "New Deal" is opening up new jobs creating unusual opportunities, bringing back prosperity. But that does not insure prosperity for you. Only you can insure that.

For months—maybe years—employers will be able to pick and choose out of the millions now unemployed or dissatisfied with their work and pay. Naturally they will pick the men with most preparation and ability.

You should—you must—make yourself quickly more valuable—to protect what you have and to insure getting your share of the promotions and pay raises. It is being done by OTHERS—it can be done by YOU!

Ask us to send you full details about our new spare time training, and to explain how it prepares you to meet today's demands and opportunities, also about our salary-increasing plan. If you really are in earnest, you should investigate at once. Check your field below, write your name and address, and mail.

LaSalle Extension University
Dept. 1374-R Chicago

Send me, free, the facts about the demands and opportunities in the business field I have checked—and about your training for that field.

- | | |
|---|--|
| <input type="checkbox"/> Higher Accountancy | <input type="checkbox"/> Industrial Management |
| <input type="checkbox"/> Expert Bookkeeping | <input type="checkbox"/> Modern Foremanship |
| <input type="checkbox"/> Business Management | <input type="checkbox"/> Business English |
| <input type="checkbox"/> Traffic Management | <input type="checkbox"/> Law—LL. B. Degree |
| <input type="checkbox"/> C. P. A. Coaching | <input type="checkbox"/> Commercial Law |
| <input type="checkbox"/> Grocery Store Management | <input type="checkbox"/> Stenotypy |
| <input type="checkbox"/> Modern Salesmanship | <input type="checkbox"/> Effective Speaking |

Name

Present Position

Address

would insist that such a "write up" is only another name for inflation.

With the 273,000,000 ounces which it has acquired since June the Treasury now has almost a billion ounces of silver. It will need 2,096,000,000 ounces to complete the silver purchase program. At the present rate of acquisition, three years will roll by before all this silver is amassed in the Treasury.

What will the budget be?

ON JANUARY 4 or 5 President Roosevelt will read his budget message to Congress. Not until that day will the country know exactly what the New Deal spending plans for the 1935-36 fiscal year are. Now it is possible to hazard a guess that the total will be between eight and ten billions.

This year, as last year, the budget falls into three segments:

First, the revenue side of the budget. Indications are that the President will not ask for new taxes. The total federal revenues for the fiscal year which begins next July 1 probably will be estimated at approximately \$3,500,000,000, roughly the same total that was estimated for the current fiscal year.

Beside not asking for new taxes, the budget will not predict increased revenues on the assumption of business improvement. Estimates will be kept on a conservative basis because there is a growing realization that recovery from depression is a slow and uneven process.

Second, the ordinary expenditure section. Although the Roosevelt economy efforts have been concentrated on this division of the budget, it has never been reduced under \$3,000,000,000 and this year will total \$3,500,000,000. Increases are pretty sure to eat up any reductions.

Third, the crucial emergency expenditures section. President Roosevelt at this time seems not to have decided on the major emergency expenditure, that for relief or public works. He may, as he did last year, hold back his public works and relief requests until later in the session.

Indications are that the President favors a gradually increasing public works program to absorb persons on relief. Secretary Ickes has told him that this will cost between five and six billions a year. There is no major emergency cost over and above this relief-public works item.

Banks were not slackers

THE Treasury Department's famous survey to discover why commercial credit is frozen—if it is frozen—has been completed. It is not published yet, and you will have to watch your

newspapers for the whole story, but some facts have leaked out.

One of the most interesting is that the survey shows the Reconstruction Finance Corporation to be a tougher lender than the banks themselves. The RFC has \$300,000,000 to make direct loans, and the survey discloses, according to reports, that the RFC has demanded higher standards from borrowers than private banks.

This disclosure indicates that the survey has found that the credit trouble is not in the banks. It also shows that the Government, in its belaboring of the banks as slackers, was after a mote in the bankers' eyes and has now found a beam in its own.

The credit study was conducted among banks in the Chicago Federal Reserve area on the suggestion of Prof. Jacob Viner, adviser to Secretary Morgenthau, to determine just what was freezing up commercial credit. It was started after the Bureau of the Census had somewhat piqued the New Dealers by publishing a survey of the needs of small business for credit.

Chamber Favors Budget Reform

A COMPREHENSIVE plan designed to correct defects in the present federal budget system has been voted upon by member organizations of the United States Chamber of Commerce. As a result of this referendum vote the Chamber is committed to the backing of reforms in federal budgetary methods.

The referendum was planned to deal with methods of preparing estimates, appropriation procedure, administrative control of expenditures, and information for the public.

The first referendum proposal was designed to enable the departments and other spending agencies to prepare their estimates nearer the actual time of expenditure. Present practice requires that estimates be compiled almost a full year before the beginning of the fiscal year when the expenditures are to be made.

The third referendum proposal was favored because a dual classification tends to make the budget look balanced when, actually, outgo and income is out of balance. The expenditures in relation to income are the real index of borrowing capacity.

The seventh and fourteenth proposals were recommended to prevent such situations as came to light last year when emergency agencies were spending money without even an au-

dit and to prevent the possibility of several agencies issuing securities on the credit of the Government without a central control. Money could not then be spent even by independent emergency agencies without some executive control.

The eleventh proposal was designed to alter the present piece-meal system of appropriating. Although the budget is presented to Congress as a unit, it is split into separate bills, changed in committee and finally voted on piece-meal. A Budget Committee could, first, set a definite limit to total expenditures, and then see that separate appropriation bills fit into this total.

The specific proposals voted on were:

1. Executive budget estimates should be submitted to Congress about March 1.

2. The President should be authorized to designate in the budget activities provided by law, but discontinuance of which he recommends.

3. Dual classification of expenditures, as general and emergency, or capital and others, should not be used as an index of justifiable borrowing.

4. The statement of capital items should be expanded to include all capital outlays, with clear distinction between reimbursable and non-reimbursable items; indication of assets to be liquidated; and recognition of contingent liabilities.

5. Executive budget estimates concerning revenues should present a complete revenue program, including recommendations for any necessary new legislation, with reasonable detail and with bases used in making estimates of yields.

6. The President should be fully authorized to prevent deficiencies and wherever he deems feasible to reduce spending of a non-mandatory nature.

7. The operation of the allotment system should be so improved as to prevent deficiencies, and reduce spending of a non-mandatory nature wherever feasible.

8. Any federal tax payer should be given the right to enjoin expenditures which will create deficiencies.

9. The Comptroller General should be concerned principally with the function of legislative agent dealing with the propriety of expenditures and fiscal operations, rather than with their fidelity.

10. There should be created a General Accounting Office under the President to develop a modern, uniform and adequate accounting system.

11. Each House of Congress should add a Budget Committee.

12. House and Senate appropriation committees should hold joint hearings.

13. The form and phraseology of appropriation acts should be standardized, and clarified as to amount and objects.

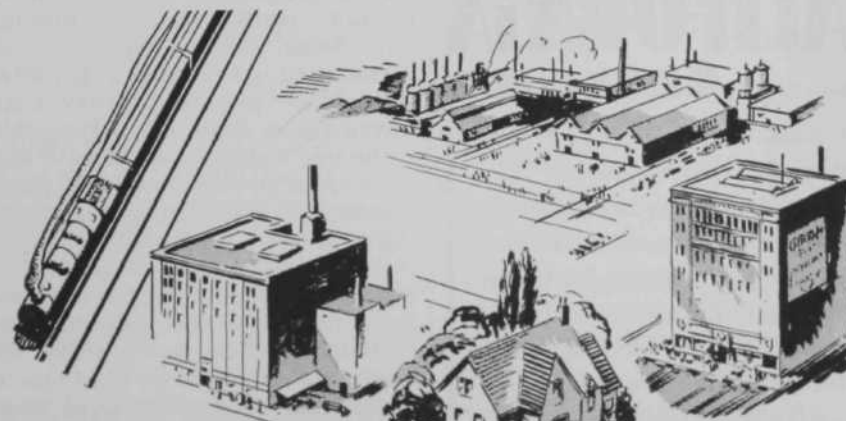
14. Security issues, as well as expenditures of all agencies, whether emergency or otherwise, should be brought under active central control."

Of these 14 proposals, all were approved except the eighth which did not receive the necessary two-thirds majority. The vote on the other propositions, which were approved by widely varying majorities, showed a carefully discriminating vote.



By Ship, Train and Truck **ERIE** speeds the world to your door

● Ships from every port in the world—from 30 different countries in a typical day—discharge their varied cargoes onto Erie piers or lighters, for distribution throughout America via Erie. ● Erie transportation is specified because most import brokers and consignees know Erie's exceptional facilities for handling freight, from shipside to train, and via train and truck, to any receiving platform in the land. ● Whether you import rubber or rugs, coffee or cork, fruit, oil or bird's nests, (Erie handles them all and a thousand others), you will receive your merchandise sooner, and probably in better condition, if you specify Erie. ● Erie has an entire division of men thoroughly experienced in the specialized field of import transportation. They can save you money and time. Call them.



ERIE RAILROAD SYSTEM
THE HEAVY DUTY RAILROAD

WINTER WARMTH

Each winter the Santa Fe carries a great many people to California and southern Arizona.

A few must go, for health or business. But the vast majority go to play—somewhere along the blue sea, in the sunny hills, among the desert oases of a land made to enjoy out-of-doors, all winter long.

Golf, tennis, polo, swimming, riding and ranching, lazing—it is all there, in the mellow warmth of

OUT of DOORS CALIFORNIA So. Arizona

Santa Fe service is swift and convenient to California, Arizona, Grand Canyon, Old Santa Fe and the Indian-detours—and cost is the lowest in years. Phoenix Pullman tri-weekly this winter on THE CHIEF, too—and frequent All-expense Bargain Tours to California.

The coupon will bring interesting folders that have helped plan innumerable pleasant winter trips.



W. J. BLACK, P. T. M., Santa Fe Sys. Lines
1222 Railway Exchange, Chicago, Ill.
Mail picture folders and fares.

from _____ to _____
Name _____
Address _____

★ THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

Good Will

THE searchlight is being turned on advertising now, perhaps more than at any time in recent years. Both in its methods and motives is advertising being appraised by laity and Government.

If it is recognized that advertising must hold old customer loyalty, win new customers, and reduce selling cost, the most important *ingredient* of good advertising will not be omitted.

During the recovery years, it has been fashionable to criticize all that went before, on the ground that anything which was a part of our old economy has become archaic. Advertising, as a whole, was very much a part of American life before the depression, during the depression, and is playing a great part in Recovery.

There have been, however, many examples of advertising during recent years from which the all important *ingredient* was missing; advertising based on expediency, advertising of the Bargain Type, where price alone has been featured and where value, quality and reputation—the trio which should remain after price is forgotten—have not played a part. Such advertising is now reaping a harvest of criticism, but unfortunately its odium attaches to all advertising. Public opinion manifests itself in generalities, sweeping conclusions, with no finely drawn distinctions. There are no shadings, no exceptions, no gradations of meaning. In the public mind, advertising is good, or bad.

If future advertising is to approximate its full measure of strength, it must re-include in its concept that all important *ingredient*—Good Will.

Advertisers will find now an opportunity to win new loyalties to their products and to their organization.

JOHN W. DARR
Public Relation Counsel
New York

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BUT THE MARYLAND NEVER SLEEPS



STANDING behind the security of countless institutions are the casualty and surety companies of the country. To the end that you may enjoy the assurance that comes with *safety*, their guardianship never sleeps.

The casualty policies they write, the fidelity and surety bonds they issue, speed the wheels of progress in every corner of the land. Leaders of industry can more confidently plan ahead... protected against the unforeseen. Financial institutions can better serve their clients. Public officials can more ably discharge their duties of office.

Especially during the last few years, the Maryland Casualty Company has gained real satisfaction from its record of service. At a time when unusual

problems beset both the individual and business in general, few services have been more important than that rendered by the casualty and surety companies.

1935 finds the Maryland Casualty Company fully equipped financially and qualified by tradition, experience and man-power to undertake still greater responsibilities. Its 10,000 agents cover every state in the Union... as well as Alaska, Canada, Cuba, Porto Rico, Canal Zone, Mexico and Hawaii.

To the contractor requiring a small construction bond, or to safeguard the largest project, to the junior employe of a country bank or to the executive responsible for millions, to business small or large, the Maryland offers a service that never sleeps.

*Accident and Health Policies... Aircraft... Workmen's Compensation... Liability... Automobile... Elevator... Plate Glass... Boiler... Engine... Electrical Machinery... Fly-Wheel
Sprinkler Leakage... Water Damage... Burglary... Check Alteration and Forgery... Fidelity Bonds... Surety Bonds*

MARYLAND CASUALTY COMPANY

SILLIMAN EVANS, *President*

BALTIMORE

F. HIGHLANDS BURNS, *Chairman of the Board*

● ATTRACTION FOR Women

Advertising addressed to women pays out best when placed in the newspaper which has the greatest attraction for women.

As women have expanded the scope of their interests and influence, the Chicago Tribune has kept pace.

Its service to women readers goes beyond news and information in those traditional fields in which feminine interests center. The Tribune is definitely styled, as few newspapers are, to reflect and advance the interests of women.

With the result that more women read the Tribune than read any other Chicago newspaper. Let a Tribune salesman tell you the full story.



ADVERTISERS of women's shoes placed 54% more advertising in the Tribune during the first eleven months of 1934 than in any other Chicago newspaper.



HOME READ. The Chicago Tribune has more home circulation, delivered by official carriers, than all other Chicago newspapers combined.

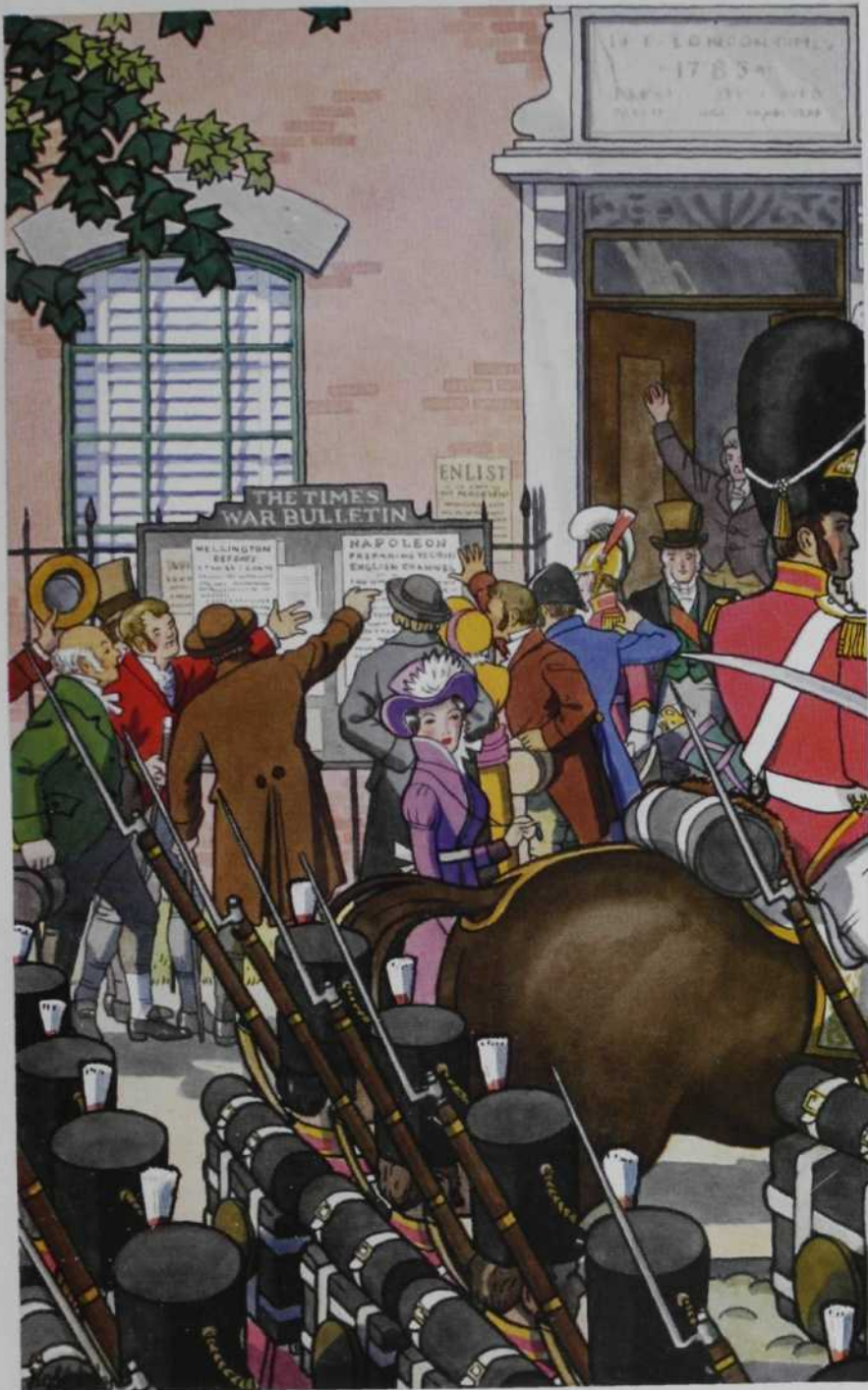


UPSTAIRS dress departments of Loop department stores placed 162% more advertising in the Tribune than in any other Chicago newspaper during the first eleven months of 1934.

● CHICAGO TRIBUNE
WORLD'S GREATEST NEWSPAPER

Because NAPOLEON tried to conquer England

this magazine
was made possible



NAPOLEON had vowed to invade England! London was afire with excitement. Soldiers drilled in the streets. Civilians clamoured in front of newspaper offices for the latest bulletins. But there were no fresh bulletins! Events moved too fast for the slow hand presses of that day.

Then in 1813, Friederich Koenig, a Saxon mechanic living in London, discovered the means of satisfying the news-starved world. He devised a mechanical flat-bed cylinder press which would print 800 pages an hour.

Commissioned by the *London Times*, Koenig installed two of his new rapid printing machines in its pressroom. These became the world's first high speed presses . . . and laid the foundation for printing on a large scale at low cost.

Now after ten generations, with the discovery of Kleerfect, The Perfect Printing Paper, comes a development which makes *fine printing* possible at economically high speeds. For to strength, tempered to the speed of the fastest presses, Kleerfect adds these qualities:

Freedom, for all practical purposes, from two-sidedness of color and surface, ensuring printing of equally high quality on both sides.

Opacity gauged to prevent "show-through."

Improved color which eliminates glare — gives effective contrast with the greatest number of inks and types of illustrations; and permits the maximum true reproductive power of one to four printed colors.

To see samples of the superior work this new paper — Kleerfect — makes possible, simply write Kimberly-Clark's advertising office in Chicago.


Kleerfect
REG. U. S. PAT. OFF.
THE PERFECT PRINTING PAPER
MANUFACTURED BY KIMBERLY-CLARK COMPANY, KANSAS CITY, MO.

KIMBERLY-CLARK CORPORATION

Established 1872 • NEENAH, WISCONSIN

CHICAGO, 8 South Michigan Avenue • NEW YORK, 122 East 42nd Street

LOS ANGELES, 510 West Sixth Street

Here's the way I write
Chesterfield —

